

City of Detroit

CITY COUNCIL

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TO: George Jackson, Jr., President
Detroit Economic Growth Corporation

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 27, 2009

RE: 2009-2010 Budget Analysis

ly.

Attached is our budget analysis regarding your department's budget for the upcoming 2009-2010 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Glen Long, DEGC Chief Financial Officer
Joseph Harris, Chief Financial Officer
Pamela Scales, Budget Department Director
Renee Short, Budget Department Team Leader
Arese Robinson, Mayor's Office

**Detroit Economic Growth Corporation/
Economic Development Corporation/
Downtown Development Authority**

FY 2009-2010 Budget Analysis by the Fiscal Analysis Division

Detroit Economic Growth Corporation (DEGC)

The DEGC is a private nonprofit development organization of public, business, labor and community leaders established to assist business in expanding or locating in Detroit. The DEGC provides staff and other administrative services to the Downtown Development Authority (DDA), Local Development Financing Authority (LDFA), the Economic Development Corporation (EDC), and the Detroit Brownfield Redevelopment Authority (DBRA). These development entities do not contain any staff.

The DEGC receives funding primarily from the City of Detroit through its Planning and Development Department (PDD), the DDA, the EDC and corporate contributions. The DDA, LDFA, EDC and DBRA contributions to the DEGC's budget serve as reimbursement to the DEGC for staff services, office space, and operating expenses.

In the proposed 2009-10 budget for PDD, the Mayor recommends contributing from the City \$1,000,000 to the DEGC (see Attachment I). This recommendation generally keeps the City's contribution in line with past budgets. The chart below shows the City's allocations to the DEGC since 2003-04:

City of Detroit's Contribution to the Detroit Economic Growth Corporation
from Its Planning and Development Department

	FY <u>2003-04</u>	FY <u>2004-05</u>	FY <u>2005-06</u>	FY <u>2006-07</u>	FY <u>2007-08</u>	FY <u>2008-09</u>	Recommended FY <u>2009-10</u>
Contribution							
Amount	\$1,050,000	\$1,050,000	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

The Council elected to cut the contribution by half to \$500,000 in the 2005-06 budget to help address the \$300 million in soft revenues and questionable expenditures in the Mayor Kilpatrick's proposed 2005-06 budget.

The DEGC feels the one million dollar allocation helps the organization to be in a better position to provide citywide proactive business attraction and retention efforts. The allocation also helps the DEGC to invest in and maintain high tech promotional materials, revamp its web presence, secure additional employee training on how to aggressively pursue businesses, and continue to work with the PDD during pre-development stages on City projects.

Below shows the proposed 2009-2010 budget for the DEGC as compared to the current year's budget.

	(1)	(2)		
	DEGC	DEGC		Comment
	FY 2008-2009	FY 2009-2010	(1)-(2)	Reference
<u>Revenue</u>	<u>Budget</u>	<u>Budget</u>	<u>Difference</u>	<u>Letter</u>
City Contract	\$1,000,000	\$1,000,000	\$0	(A)
EDC Contract	300,000	300,000	-	(B)
EDC Supplement	960,000	960,000	-	(C)
DDA Contract	1,500,000	1,500,000	-	(D)
LDFA Contract	100,000	200,000	100,000	(E)
DBRA Contract	250,000	250,000	-	(F)
Private Sector	400,000	400,000	-	(G)
Other Contracts	40,000	40,000	-	(H)
Interest Income	50,000	30,000	(20,000)	(I)
Services/Other Fees	35,000	35,000	-	(J)
Budget Deficit	<u>0</u>	<u>0</u>	<u>-</u>	
 Total Revenue	 <u>\$4,635,000</u>	 <u>\$4,715,000</u>	 <u>\$80,000</u>	
 <u>Expenses</u>				
Personnel	\$3,489,400	\$3,562,400	\$73,000	(K)
Contract Services	117,500	117,500	0	
Travel/Meetings/Marketing	312,000	292,000	(20,000)	(L)
Rent/Utilities/Insurance	421,000	456,000	35,000	(M)
Interest	1,500	0	(1,500)	(N)
Equipment	127,500	125,000	(2,500)	(O)
Other	<u>166,100</u>	<u>162,100</u>	<u>(4,000)</u>	(P)
 Total	 <u>\$4,635,000</u>	 <u>\$4,715,000</u>	 <u>\$80,000</u>	

- (A) The Mayor's proposed Planning and Development Department budget maintains the DEGC contribution level at the current year's contribution level.
- (B) Represents EDC's reimbursement to DEGC from City contribution. See next section for more details. The Mayor proposes maintaining the City's EDC contribution at the current year's level.
- (C) EDC supplement is a donation to DEGC's operations from either EDC's line of credit (in most cases), project service fees, and reserves (built up from project/service fees from issuing Industrial Revenue Bonds). This revenue next fiscal year includes project fees for the Casino Development Fund, the Waterfront East Reclamation project, the Rosa Parks Transit Center, as well as other service fees and loan repayments consistent with the current fiscal year. The project fees are temporary sources of revenue. Attachment II represents EDC's total operating budget for the current fiscal year, and it provides the project fee sources. The EDC board approves this budget. Council approves the City contribution and project fees stemming from contracts your Honorable Body approves between the EDC

and the City of Detroit for a particular project/fund, such as the Casino Business Fund.

- (D) Represents DDA's reimbursement to DEGC for staff cost and indirect expenses (rent, utilities, supplies, etc.). DDA's contract level the same as the current fiscal year.
- (E) The LDFA budget is based upon tax increment revenues, service fees, City reimbursement, and interest/other income drawn down from the Michigan Economic Development Corporation (MEDC) in prior years. The DEGC anticipates a higher level of services being provided by the LDFA in 2009-10, including becoming more active in the Streetscapes Improvement and Tri-Centennial Park projects. In addition, the DEGC is providing more accounting services for the LDFA. See Attachment III for LDFA's current year's budget. Council approved this budget.
- (F) The Environmental Affairs Department has entered into a contract with the DBRA to reimburse the DEGC for DEGC administrative services. See Attachment IV for DBRA's operating budget for the current fiscal year, adopted by the DBRA board.
- (G) The DEGC anticipates attracting the same level of private sector contributions as in the current fiscal year.
- (H) The DEGC has entered into contractual agreements to provide administrative services for Eastern Market and the former Next Detroit Neighborhood Initiative (this organization will be renamed), both Michigan non-profit corporations. The DEGC will be performing financial related services, including accounting and financial reporting, for both entities in 2009-10.
- (I) The DEGC expects interest income on idle cash and cash flow to decrease based on lower collections from payments for services and lower expected earned income.
- (J) The DEGC expects to receive this level of service fees from the Detroit Industrial Revolving Loan Fund (DIRLF). The DEGC has received permission from the federal Economic Development Administration (EDA) to utilize this fund for commercial projects as well. Formerly, the EDA Title 9 monies, which support the loan fund, could be used only for industrial projects. The DIRLF can now provide up to \$200,000 in commercial loan funds.

Please note that the remaining explanations relate to expenditures.

- (K) DEGC's budgeted staffing level for the current fiscal year is 41, which are currently filled. The budgeted staffing level is at 41 for next year. The increase in 2009-10 represents the newly created and filled position for a public policy manager. The DEGC is counting on this being a revenue generating position. The person works with lobbyists and politicians in Washington and Lansing in attempts to secure federal or other project funding and with foundations hoping to secure other restricted funding for various projects. In addition, the DEGC employs 4 consultants.

- (L) Even with the decrease, the DEGC does not anticipate major marketing initiatives suffering to significant degree. In the past couple of years the DEGC has received some restricted donations to improve its marketing infrastructure (surveys, website improvements, and updated marketing materials). The DEGC should not need to spend, as much on those things for a couple of years, so it should be able to realize some savings without a drop-off in service.
- (M) Before May 2008, the DEGC enjoyed paying below market rental rates for four years in the Guardian Building. The DEGC started paying market rental rates in May 2008, resulting in a large increase. During May 2009, the DEGC will start paying a scheduled rent increase resulting in higher costs in 2009-10.
- (N) The DEGC expects not to pay interest on a line of credit since the balance was paid off in 2008-09.
- (O) The decrease in the Equipment budget reflects cost cutting measures and operational efficiencies.
- (P) "Other" includes postage, building maintenance, delivery, supplies, printing, dues, publications & subscriptions, processing fees, special projects, advertising, governmental relations/fund raising and other miscellaneous expenses. The budget decrease reflects reduced spending in office supplies.

The DEGC is organized so that its employees can be more functionally oriented rather than departmentally oriented. This way, staff can use their skills to work on a broad spectrum of citywide projects rather than on projects related to a specific area, such as commercial development. The DEGC has clarified, however, whom employees report to, thereby, reinstating more accountability.

Attached is DEGC's most recent organizational chart (Attachment V). For the purposes of better efficiency and employee retention, the organizational chart was revised and new high-level positions created. In addition, DEGC salary ranges (Attachment VI) have been revamped based on an internal benchmarking study comparing ranges with organizations such as Detroit Renaissance, The Chamber of Commerce, Ann Arbor Spark, the MEDC and other similar entities.

Economic Development Corporation (EDC)

The Mayor proposes to keep the City's contribution from PDD's recommended 2009-10 budget to the EDC at the current year's level. The chart below shows the City's allocations to the EDC since 2003-04:

City of Detroit's Contribution to the Economic Development Corporation from Its Planning and Development Department							Recommended
	FY <u>2003-04</u>	FY <u>2004-05</u>	FY <u>2005-06</u>	FY <u>2006-07</u>	FY <u>2007-08</u>	FY <u>2008-09</u>	FY <u>2009-10</u>
Contribution							
Amount	\$300,000	\$300,000	\$150,000	\$300,000	\$300,000	\$300,000	\$300,000

Additionally, as indicated earlier, the EDC does traditionally supplement DEGC's budget from EDC's reserves (see EDC's Supplement per DEGC's budget).

Below shows the proposed 2009-2010 budget for the EDC as compared to the current year's budget.

	EDC FY 2008-09 Budget	EDC Proposed FY 2009-10 Budget	PDD's Proposed 2009-10 Allocation	Difference	Comment Reference Letter
<u>Revenue</u>					
City Contract	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$0</u>	
<u>Expenses</u>					
Contractual Services-DEGC	\$275,000	\$275,000		\$0	(A)
Legal/Audit Services-EDC	<u>25,000</u>	<u>25,000</u>		<u>0</u>	
Total	<u>\$300,000</u>	<u>\$300,000</u>		<u>\$0</u>	
(A) Represents EDC's reimbursement to DEGC for DEGC staff time and indirect costs allocated to EDC related activity.					

However, again at Attachment II, the current year's operating budget for the EDC describes in more detail other revenues captured by the EDC and what expenditures they pay for.

Downtown Development Authority (DDA)

The DDA, a public corporation for the City of Detroit, was established for the purpose of promoting and developing economic growth in the City of Detroit's downtown business district. The DDA has been authorized to fund its General Fund (operating) budget by an ad valorem tax of one mill on real and tangible personal property not exempt by law in the downtown development district, and by a levy on the increased assessed value of a tax increment district, and the issuance of negotiable revenue and tax increment bonds to finance the development activities of the DDA.

Unlike the DEGC and EDC, the DDA **does not** receive a General Fund contribution. Therefore, the DDA feels they do not need to come before Council during the DEGC and EDC budget hearing. The DDA has expressed that they would be willing to address any DDA concerns that Council may have when their operating budget is presented to them in June. Attachment VII represents the current year's operating budget for the DDA City Council approved in July 2008.

Council will recall as well that pursuant to State Statute Act No. 197, Council approves the Tax Increment Finance Plan, which delineates the anticipated development projects in the downtown area. Whenever the TIF Plan is amended, the DDA board must first approve the amendments, and then the amendments come before Council for approval. This process additionally gives Council an opportunity to review the DDA's policies, plans, and procedures as they relate to development activity in the downtown area.

Attachment VIII represents 25 pages taken from the most recent Capital Agenda that gives an excellent chart showing the relationship of the DEGC and related development entities (DDA, EDC, etc.) commonly known as the "alphabet soup", and brief descriptions on these development entities.

Issues and Questions

DEGC

Attachment IX provides a list of DEGC accomplishments in 2008. Please provide the most recent accomplishments by the DEGC, including both downtown and neighborhood development projects, if available.

What major new economic projects the DEGC anticipates working on in 2009-10?

What is the status of the Quicken Loan project? What is the current number of jobs expected to relocate to downtown Detroit as a result of this project?

Has Olympia Entertainment Group decided to continue the sublease with the City regarding Cobo Arena and Joe Louis Arena?

Is the DEGC aware of any prospective developers for the Ford Auditorium site?

What major challenges the City of Detroit faces in promoting economic development projects in this current real estate and credit market? Do lenders and developers expect a high level of gap financing to make projects more economically feasible?

What projects is the DEGC working on to increase economic development in the neighborhoods of the City of Detroit?

We have a copy of the audited June 30, 2008 financial statements for the DEGC. Please provide the audited June 30, 2008 financial statements for the EDC, LDFA, DDA and BRDA to the Fiscal Analysis Division, if available. Fiscal will make copies for the Council and Auditor General's Office.

EDC

Attachment X represents the most current budget on the Casino Business Development Funds. Does the "received" column represent current expenditures? If not, Please provide a schedule of dollars expended from the budget program items. If available, please provide a listing of projects completed and in process from these funds.

What major industrial projects you have on the horizon?

BRDA

Most BRDA projects involve residential development. Many new homes that were built in recent years as a result of brownfield projects are now empty due to the current real estate market and high foreclosure rates in the City of Detroit. Is the DEGC considering working with the Planning and Development Department to institute a policy that

promotes new resident development only in areas in the City where market studies support true demand for these new residential units?

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Attachments

Attachment I

CITY OF DETROIT Planning and Development Department Financial Detail by Appropriation and Organization

Community Development Community Development	2008-09 Redbook		2009-10 Dept Final Request		2009-10 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
APPROPRIATION ORGANIZATION						
00014 - Community Development						
360130 - Community Development	0	\$715,150	0	\$706,150	0	\$545,926
APPROPRIATION TOTAL	0	\$715,150	0	\$706,150	0	\$545,926
00015 - Real Estate - City						
360131 - Real Estate-City	21	\$3,043,715	21	\$3,257,442	13	\$2,005,080
APPROPRIATION TOTAL	21	\$3,043,715	21	\$3,257,442	13	\$2,005,080
00595 - Economic Development Corporation						
360134 - Economic Development Corporation	0	\$300,000	0	\$300,000	0	\$300,000
APPROPRIATION TOTAL	0	\$300,000	0	\$300,000	0	\$300,000
00597 - Economic Growth Corporation						
360135 - Economic Growth Corporation	0	\$1,000,000	0	\$1,000,000	0	\$1,000,000
APPROPRIATION TOTAL	0	\$1,000,000	0	\$1,000,000	0	\$1,000,000
00883 - Development - City						
360052 - Planning and Development Resource	6	\$840,111	6	\$1,085,836	6	\$1,035,968
360053 - ONCR	2	\$272,263	2	\$470,748	1	\$261,966
360145 - Development City	5	\$930,412	5	\$1,047,539	5	\$1,003,461
APPROPRIATION TOTAL	13	\$2,042,786	13	\$2,604,123	12	\$2,301,395
04028 - Cacaco 108 Loan						
360234 - CARACO 108 Loan	0	\$1,170,858	0	\$0	0	\$0
APPROPRIATION TOTAL	0	\$1,170,858	0	\$0	0	\$0
05544 - Neighborhood Opportunity Fund BG 5						
360558 - Neighborhood Opportunity Fund	0	\$0	0	\$0	0	\$0
APPROPRIATION TOTAL	0	\$0	0	\$0	0	\$0
05797 - Eight Mile Boulevard BG						
360600 - Eight Mile Boulevard BG	0	\$22,700	0	\$22,700	0	\$0
APPROPRIATION TOTAL	0	\$22,700	0	\$22,700	0	\$0

Attachment IIEXHIBIT A

**ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF DETROIT
OPERATING BUDGET
JULY 1, 2008 TO JUNE 30, 2009**

	Projected Total June 30, 2008	Budget June 30, 2008	Variance	Proposed Budget June 30, 2009
<u>REVENUE</u>				
City of Detroit	300,000	300,000	0	300,000
TSF From Water front Reclamation	200,000	200,000	0	200,000
TSF From Brush Park North	83,333	83,333	(0)	20,000
TSF From Detroit Transit Center	122,000	122,000	0	75,000
TSF From Casino Development Fund	350,000	350,000	0	350,000
TSF From Trizec Annuity	225,000	225,000	0	350,000
Other Revenue & Service Fees	5,249	29,667	(24,418)	15,000
TOTAL REVENUE	1,255,582	1,310,000	(24,418)	1,310,000
<u>EXPENSES</u>				
Detroit Economic Growth Corp	525,000	525,000	0	650,000
Detroit Economic Growth Corp Special Proj	700,000	705,333	5,333	595,000
Legal Services	40,392	30,000	(10,392)	30,000
Audit	22,000	20,000	(2,000)	22,000
Miscellaneous	13,495	29,667	16,172	13,000
TOTAL EXPENSES	1,300,887	1,310,000	9,113	1,310,000
Operating Surplus/(Shortfall)	(15,305)	0	(15,305)	0
Debt Service	0	0	0	0
(Increase)/Decrease in Reserve	15,305	(0)	15,305	0
NET SURPLUS/(SHORTFALL)	0	0	0	0

Attachment III

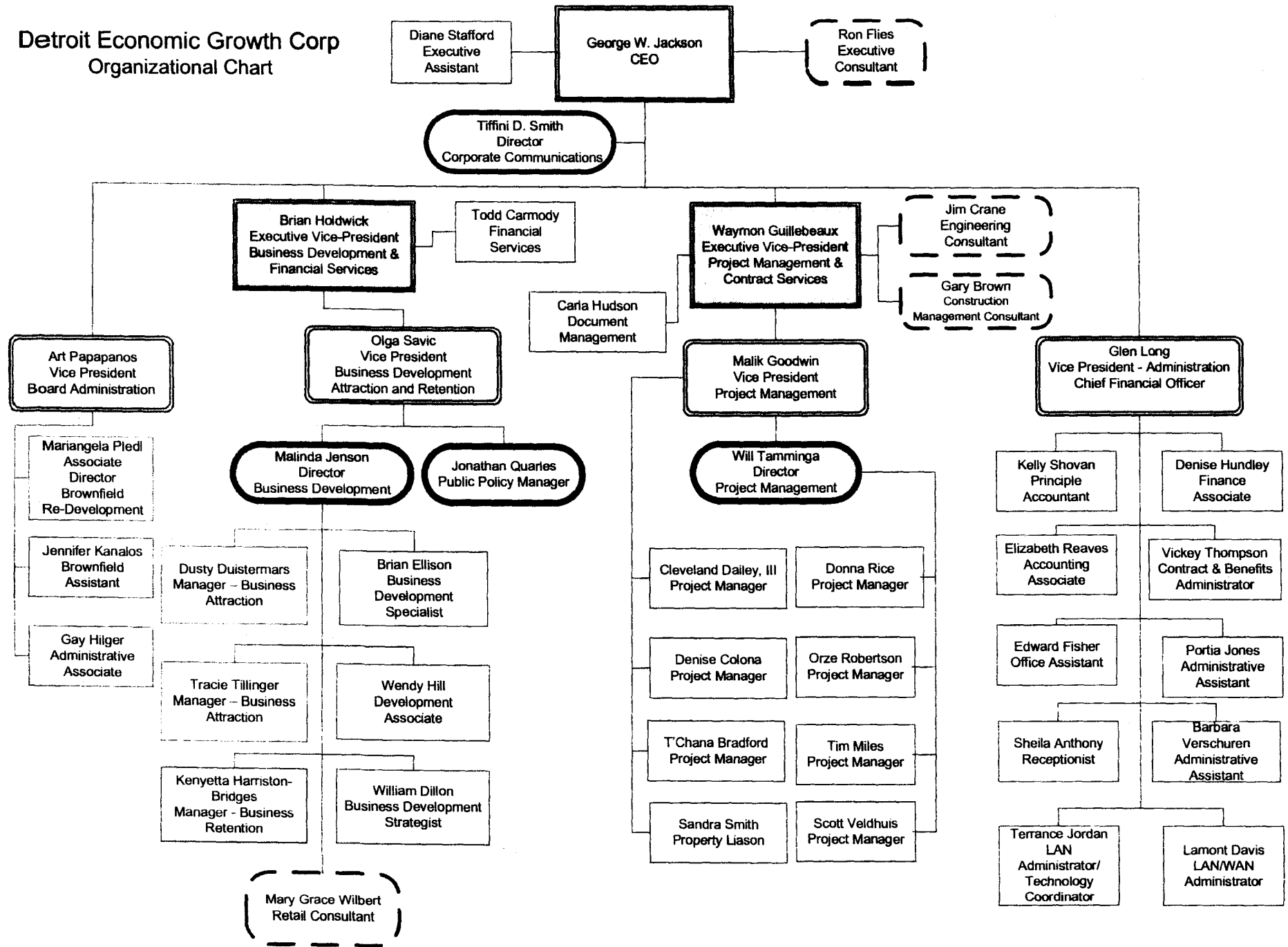
**LOCAL DEVELOPMENT FINANCE AUTHORITY
OPERATING BUDGET
JULY 1, 2008 TO JUNE 30, 2009**

	Projected Total June 30, 2008	Budget June 30, 2008	Variance	Proposed Budget June 30, 2009
<u>REVENUE</u>				
TAX INCREMENT REVENUES RELEASED CURRENT YEAR	150,000	150,000	0	150,000
CITY REIMBURSEMENT	25,051	0	25,051	25,000
INTEREST/OTHER INCOME	160,000	125,000	35,000	105,000
TOTAL REVENUE	335,051	275,000	60,051	280,000
<u>EXPENSES</u>				
DETROIT ECONOMIC GROWTH CORPORATION	200,000	200,000	0	200,000
MAINTENANCE/OTHER	65,760	75,000	9,240	80,000
TOTAL EXPENSES	265,760	275,000	9,240	280,000
Operating Surplus/(Shortfall)	69,291	0	69,291	0
(Increase)/Decrease in Reserve	(69,291)	0	(69,291)	0
NET SURPLUS/(SHORTFALL)	0	0	0	0

**CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
OPERATING BUDGET
JULY 1, 2008 TO JUNE 30, 2009**

	Projected Total June 30, 2008	Budget June 30, 2008	Variance	Proposed Budget June 30, 2009
<u>REVENUE</u>				
CITY OF DETROIT	150,000	150,000	0	150,000
BROWNFIELD APPLICATION / ADMIN. FEES	203,118	325,000	(121,882)	260,000
INTEREST/OTHER INCOME	7,517	10,000	(2,483)	10,000
TOTAL REVENUE	360,635	485,000	(124,365)	420,000
<u>EXPENSES</u>				
DETROIT ECONOMIC GROWTH CORPORATION	250,000	250,000	0	250,000
PUBLIC NOTICES/ADVERTISING	36,800	60,000	23,200	50,000
LEGAL	51,439	80,000	28,562	60,000
AUDIT	7,300	10,000	2,700	10,000
INSURANCE	27,880	35,000	7,120	35,000
WORKSHOPS/PROMOTION	1,993	5,000	3,007	5,000
OTHER EXPENSES	8,982	5,000	(3,982)	10,000
TOTAL EXPENSES	384,394	445,000	60,606	420,000
Operating Surplus/(Shortfall)	(23,759)	40,000	(63,759)	0
(Increase)/Decrease in Reserve	23,759	(40,000)	63,759	0
NET SURPLUS/(SHORTFALL)	0	0	0	0

Detroit Economic Growth Corp Organizational Chart



Attachment IV

Attachment VI

SALARY RANGES 2009-10 DEGC

<u>Number of Staff Positions</u>	<u>Title</u>	<u>Salary Range</u>
1	President	\$275,000-315,000
2	Executive Vice-Presidents	125,000-155,000
4	Vice Presidents	95,000 - 130,000
8	Directors/Managers	50,000 - 90,000
11	Project Managers & Administrators	48,000 - 88,000
11	Associates/Accountants/ & Development Specialists	36,000 - 65,000
<u>4</u>	Assistants/Clerk/Receptionist	27,000 - 35,000
41		

**DOWNTOWN DEVELOPMENT AUTHORITY
BUDGET
2008-2009**

	2007-08 BUDGET	2007-2008 PROJECTED ACTUAL	DIFFERENCE	2008-09 BUDGET
REVENUES:				
Current taxes - one mil	\$ 810,000	\$ 810,000	\$ -	\$ 810,000
Earnings on investments	30,000	34,226	4,226	30,000
Transfer from Tax Increment Fund	500,000	500,000	-	500,000
State Business Tax Refund	70,000	70,000	-	70,000
Parking Operations	800,000	875,615	75,615	850,000
Other	5,000	95,690	90,690	5,000
From/(To) prior year balance	245,000	(182,305)	(427,305)	175,000
TOTAL REVENUES	\$ 2,460,000	\$ 2,203,226	\$ (256,774)	\$ 2,440,000
EXPENSES:				
Contractual Services				
Detroit Economic Growth Corp	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,500,000
Annual Audit	25,000	26,200	(1,200)	27,000
Sub-Total	\$ 1,525,000	\$ 1,526,200	\$ (1,200)	\$ 1,527,000
Professional Service Fees				
Legal Services	\$ 135,000	\$ 126,088	\$ 8,912	\$ 135,000
Insurance	225,000	199,673	25,327	210,000
Advertising/Marketing	30,000	15,367	14,633	30,000
Computer Support	10,000	10,000	-	10,000
Sub-Total	\$ 400,000	\$ 351,127	\$ 48,873	\$ 385,000
Parking Lots Management	\$ 35,000	\$ 22,800	\$ 12,200	\$ 28,000
Special Projects & Contingencies	\$ 500,000	\$ 303,099	\$ 196,901	\$ 500,000
TOTAL EXPENSES	\$ 2,460,000	\$ 2,203,226	\$ 256,774	\$ 2,440,000

DETROIT ECONOMIC GROWTH CORPORATION

The Detroit Economic Growth Corporation (DEGC) is a private non-profit corporation established in 1978 to help businesses provide jobs and to leverage private investment in the City of Detroit. Structured as a public/private partnership, the DEGC combines public sector policy and direction with private sector leadership in a 60-member board comprised of concerned business, civic, labor and community leaders appointed by the Mayor. In partnership with City government, the DEGC serves as an implementing agency for business retention, attraction and economic development initiatives in the City of Detroit.

A Federation Of Organizations

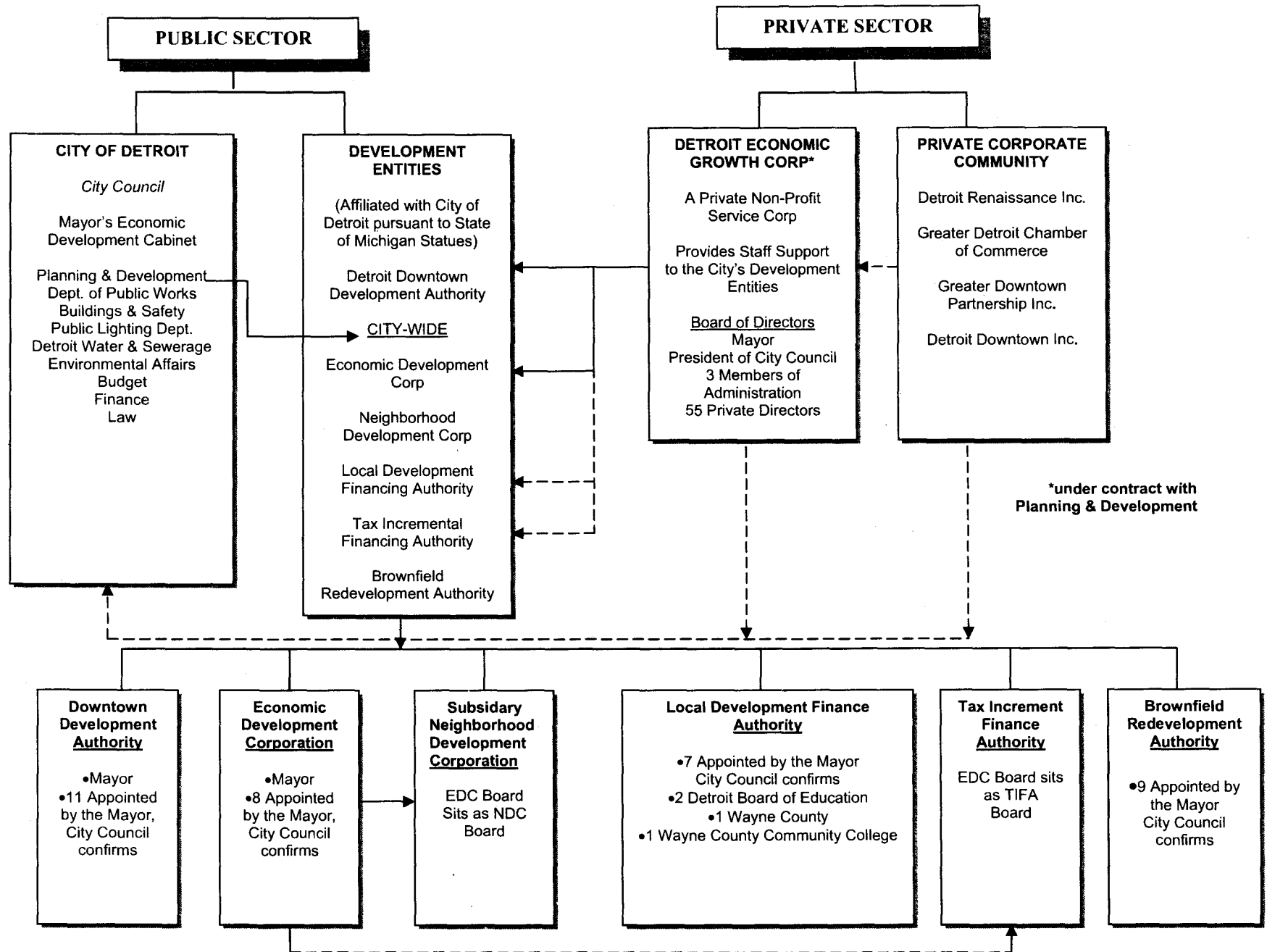
The DEGC provides staff services to a federation of organizations with quasi-public development tools to complement the public powers of the city to further business growth and neighborhood development in the City.

The Downtown Development Authority (DDA), Economic Development

Corporation (EDC), Neighborhood Development Corporation (NDC), Tax Increment Finance Authority (TIFA), Local Development Finance Authority (LDFA), and the Detroit Brownfield Redevelopment Authority (DBRA), all were created, pursuant to enabling statutes of the State of Michigan, by the City as development resources and tools coordinated within the framework of the DEGC.

The DEGC is funded by both the private sector and the City of Detroit. Contributions are received each year from businesses of all sizes throughout the metropolitan area. The City of Detroit also enters into an annual contract with the DEGC for services the DEGC provides to the City's development entities. The DEGC also receives from time to time foundation and other grants for special programs and has arranged interim financing for real estate and development activities through funding made available by the private sector foundations.

CITY OF DETROIT DEVELOPMENT ENTITIES



DOWNTOWN DEVELOPMENT AUTHORITY

The City of Detroit Downtown Development Authority (DDA) is a public Authority established to correct and prevent deterioration in the downtown business district, to promote its economic growth and development, to increase property valuation and tax basis and to create and retain jobs in the downtown area.

Property value deterioration has been a serious problem in downtown Detroit since the late 1950s with very little redirection and arrest until the late 1970s. The causes of property value deterioration can be eliminated by attracting substantial private investment and development in downtown.

Act 197, of the Public Acts of Michigan, 1975, as amended, is the enabling legislation for the creation of the City of Detroit Downtown Development Authority, which was established by a City Ordinance adopted by the City Council on May 20, 1976. The DDA has been used as a very effective, valuable and results-oriented approach to eliminate the continued causes of property value deterioration and to promote economic investment and reinvestment in downtown.

The DDA is governed by a Board of Directors, the members of which are appointed by the Mayor and confirmed by the City Council. Three operational committees – the Finance Committee, the Design Review Committee, and the Parking Operations Committee – assist towards the implementation of DDA's goals and objectives.

In February 1978, the DDA Board of Directors and the City Council adopted the DDA's Tax Increment Development Plan for Development Area No. 1 (the "Plan"), pursuant to which the DDA utilizes many of the powers permissible under the enabling

legislation to implement the Plan, as amended from time to time.

The DDA's operations are funded through its annual operating budget of approximately \$2.8 million; the DDA's capital investments are funded through its annual development budget of approximately \$34.0 million.

A useful tool of downtown development authorities is the power to utilize tax increment financing, a method of funding public purpose investment in a designated redevelopment area by capturing the incremental increase in tax revenues resulting from the difference between the established base year and the current year. These revenues are then dedicated to finance capital projects, or to service the debt on bonds sold for capital projects in order to further develop in the designated areas.

In addition, the DDA has utilized additional national, state and local financial incentives (such as Urban Development Action Grants (UDAG), Block Grants, Economic Development Corporation grants, UMTA grants, Tax Exempt Revenue Bonds) to further its development objectives.

Completed Projects

The DDA has provided or assisted in the financing of numerous projects in the downtown area. Some of the more significant DDA projects include the Trolley Plaza Apartments, including a garage component, the Riverfront Residential Phase I and II, the Millender Center (a mixed-use development including apartments, hotel, office, commercial and office components), the Trappers Alley Festival Market Place and the renovation of the Fox, Gem and State Theaters. The most recent DDA assisted downtown projects include:

DOWNTOWN DEVELOPMENT AUTHORITY

- 150 West Jefferson, \$80 million, 500,000 square foot, first class office building
- \$30 million renovation of the Michigan Opera Theater
- One Detroit Center, \$240 million, one million square foot, first class office tower
- Harmonie Park redevelopment of loft apartments, commercial and office space, a rehabilitation project of approximately \$22 million.
- \$4 million renovation of Music Hall Theater
- Development of a parking facility of 1,050 spaces, including 40,000 square foot of retail space and infrastructure support for air rights development in Greektown, for a total capital investment of \$20 million.
- Completed Sports Stadia Comerica Park, home of the Detroit Tigers; and Ford Field, home of the Detroit Lions. A capital investment in excess of \$500 million.
- Demolition of the old Hudson's building and construction of an 1100-space underground parking facility to accommodate the Campus Martius Development.
- Major road improvements surrounding the Renaissance Center, headquarters for General Motors Corporation.
- **Campus Martius Redevelopment** – The DDA and the City of Detroit have undertaken the development of proposed office, retail, and commercial space in an area known as "Campus Martius", which is composed of the Hudson Block, the Kern Block, the Crowley Block, the Monroe Block and the Kennedy Square Block. Furthermore, Compuware Corporation was identified by the DDA and the City as the Signature tenant for the Kern Block and the Crowley Block.

The DDA's contribution of \$44.4 million for the recently completed public improvements and parking facilities will leverage private investment of approximately \$700 million.

- **Harmonie Park Acquisition and Improvements** – Funding of \$16.7 million is allocated to assist towards of public improvements, and the acquisition, the rehabilitation and renovation of several buildings within the project area for commercial and residential uses, under the new name of Paradise Valley.
- **Development Financing and Small Business Loan Transactions** – A revolving loan program of \$5.0 million to stimulate additional, small-scale redevelopment and/or new construction projects within the Downtown District.
- **Downtown Development Planning and Marketing** – Reflecting that anticipated development and growth must be properly managed, the Authority allocated \$2,500,000 of funds for a Downtown Development Planning and Marketing Program.
- **Lower Woodward** – Under the Lower Woodward Redevelopment Initiative, the DDA has allocated \$34.0 million for streetscape improvements, and \$11.5 million for facade improvements.
- **Book Cadillac Hotel** – The DDA has allocated \$12.1 million for predevelopment (demolition/remediation) expenses towards the redevelopment of the Hotel to a Hotel/Residential facility.

DOWNTOWN DEVELOPMENT AUTHORITY

Current and Proposed Projects

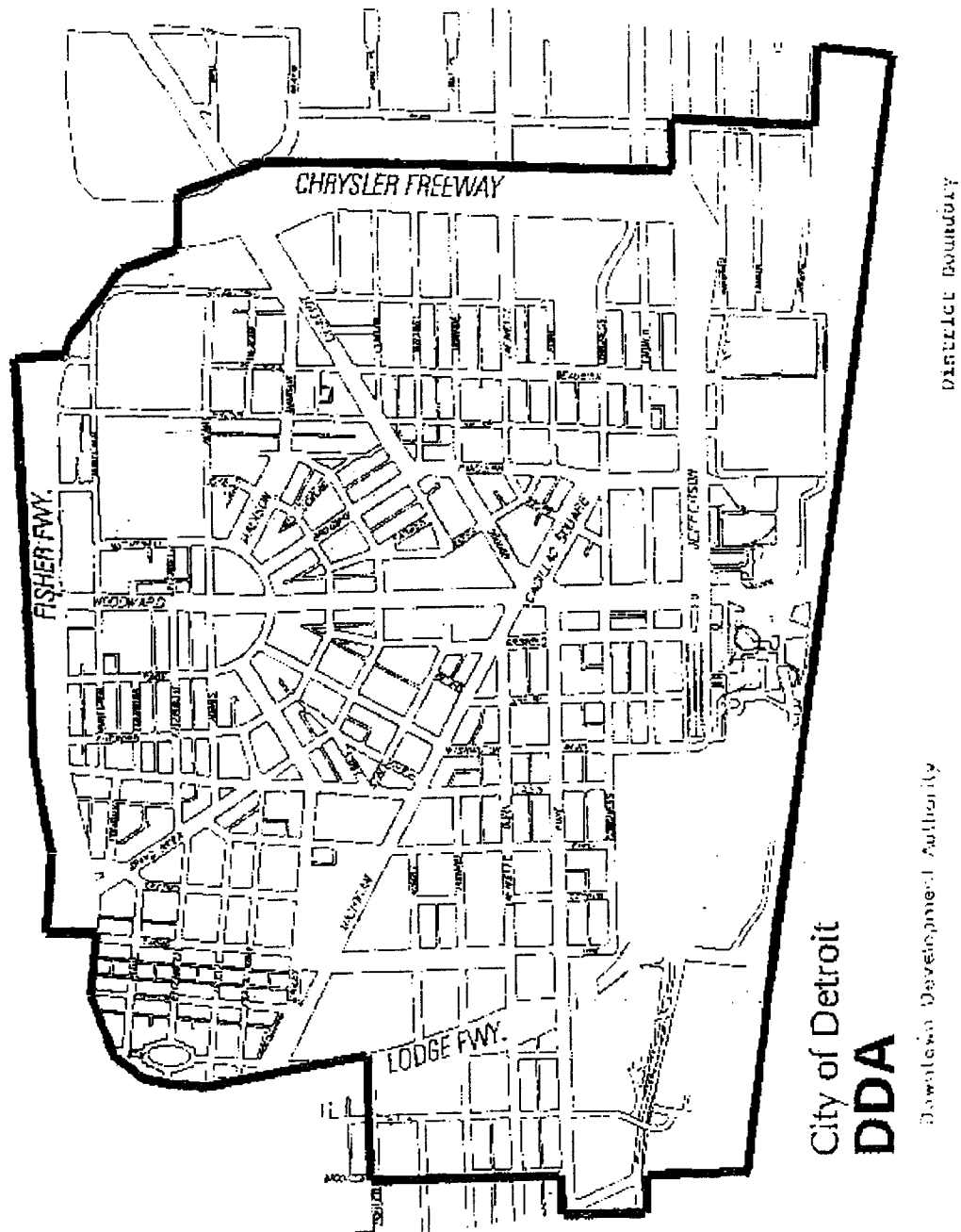
Detroit Downtown Development Authority
Project Listing:

1. **Convention Facilities Area Public Improvements** – There is an \$800,000 allocation for Downtown holiday decoration and lighting of Jefferson and Woodward Avenues and side streets in the Downtown Area.
2. **Ford Auditorium** – Proposed funding of \$500,000 to finance repairs to Ford Auditorium will include the roof and other as of yet unidentified items that may be needed as the building future use is determined.
3. **Comerica Park** – The DDA participated in funding \$40 million of the construction of a 42,000 seat publicly owned baseball stadium for a total project cost of \$260 million. Its construction was completed in spring 2000. It is owned by the Detroit Wayne County Stadium Authority and operated by the Detroit Tigers, Inc., the DDA will contribute \$250,000 annually, adjusted for inflation, to be deposited into the Major Repair and Replacement Fund.
4. **Ford Field** – The funding of approximately \$85 million for the construction of a 65,000 seat publicly owned football stadium for a total project cost of \$325 million has been completed. The Downtown Development Authority has allocated \$790,000 million annually for bond debt service.
5. **Housing/Office/Retail Development/Absorption Program** – The Authority is designating a Housing/Office/Retail Development Loan and Absorption Fund to stimulate additional residential and commercial activities in the Downtown District. The \$77.66 million program was implemented in FY 2000-01 with an initial annual allocation of \$2.68 million, and will continue until FY 2027-28 with an average allocation of \$2.9 million annually.
6. **Land Assemblage** – The DDA allocated \$98.68 million to the Land Assemblage Program with the intent to increase investor demand in the DDA Downtown District. By assembling parcels of developable size, it will meet the development needs (i.e. size, zoning, parking, location, etc.) of investors.
7. **Riverfront Promenade** – Allocation of \$1,000,000 for maintenance of the recently constructed Riverfront Promenade, extending from Hart Plaza to Joe Louis Arena.
8. **Quicken Loans Headquarters** – Allocation of \$40.0 million towards the development of the Quicken Loans headquarters and the location of 4,000 employees to downtown Detroit. The allocation is to be disbursed at an annual rate of \$2.0 million.

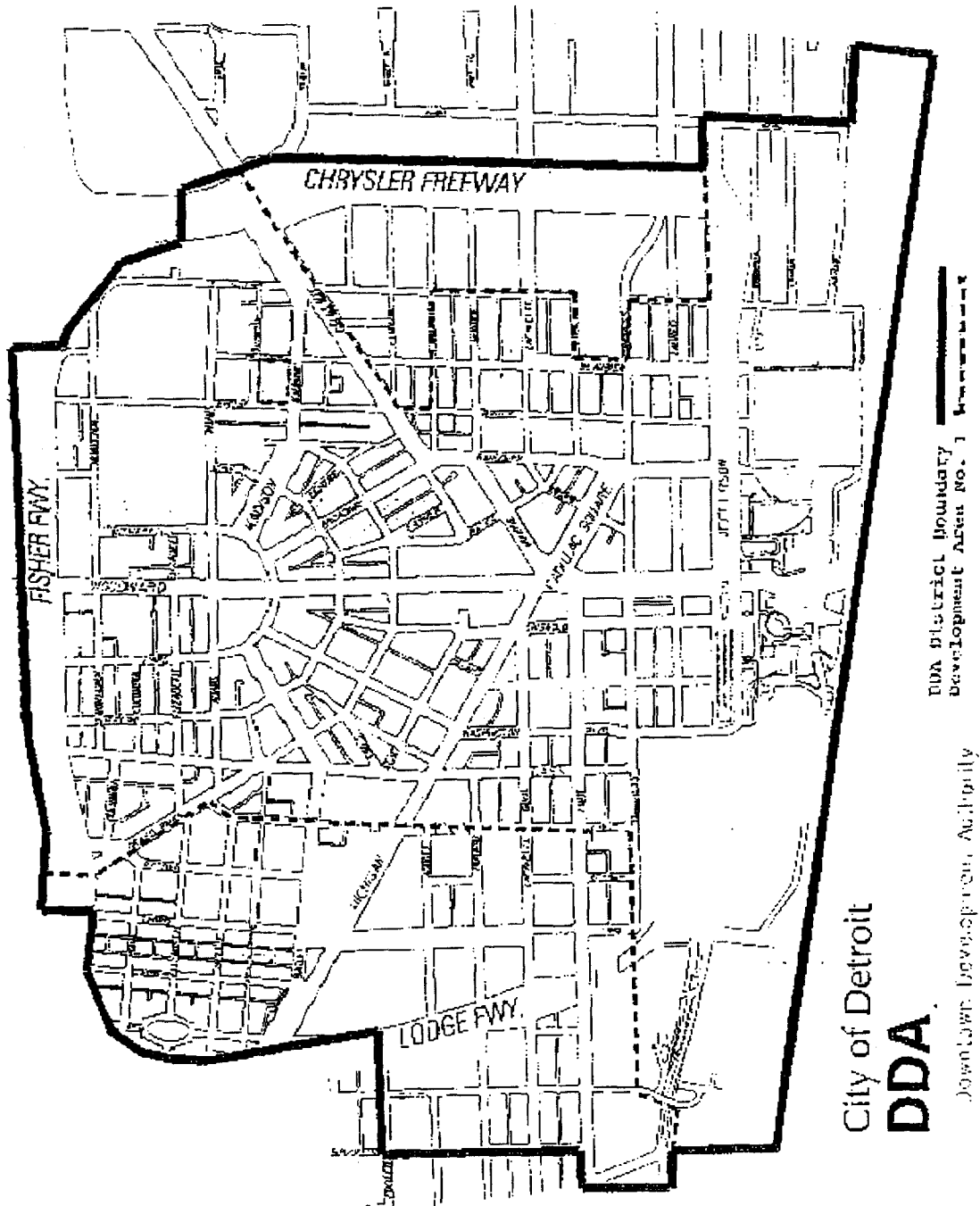
DOWNTOWN DEVELOPMENT AUTHORITY***PROJECT EXPENDITURES FISCAL YEARS***

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-012</i>	<i>2012-13</i>	<i>2013-14</i>
Convention Facilities Area	\$200,000	\$200,000	\$200,000	\$200,000	
Ford Auditorium	500,000				
Comerica Park	310,000	320,000	330,000	340,000	350,000
Ford Field	790,000	790,000	790,000	790,000	790,000
Housing/Office/Retail Development	5,000,000	2,220,000	2,040,000	3,050,000	2,000,000
Land Assemblage	6,000,000	2,210,000	2,000,000	3,000,000	2,000,000
Riverfront Promenade	200,000	100,000			
General Bond Debt Service	20,160,000	20,160,000	20,160,000	10,340,000	10,360,000
Quicken Loans Headquarters		2,000,000	2,000,000	2,000,000	2,000,000
Lower Woodward Street	5,000,000				

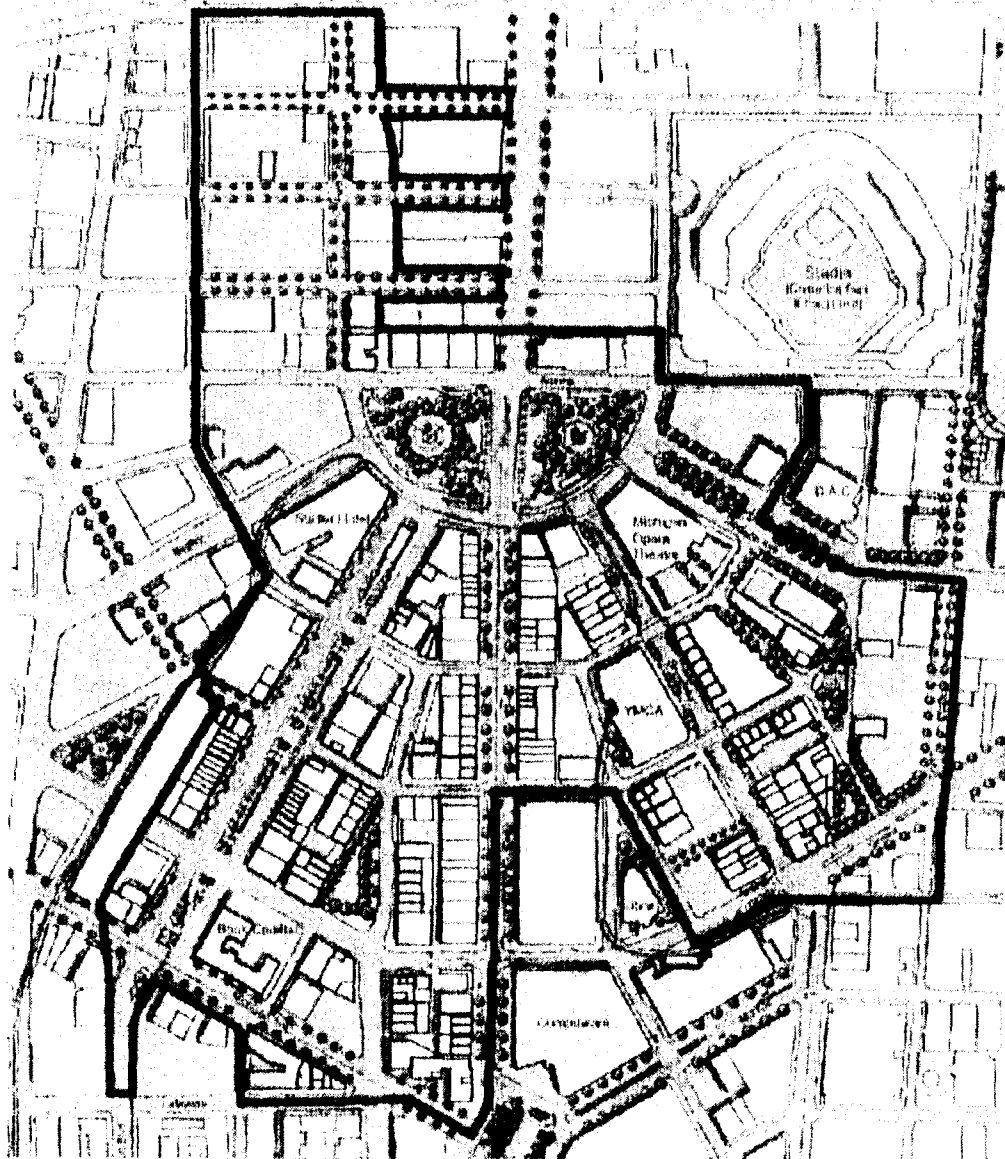
DOWNTOWN DEVELOPMENT AUTHORITY



DOWNTOWN DEVELOPMENT AUTHORITY



DOWNTOWN DEVELOPMENT AUTHORITY



LOWER WOODWARD PROJECT AREA

ECONOMIC DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) was established pursuant to Act 338, Public Acts of Michigan, 1974 for the purpose of assisting local industrial and commercial enterprises to strengthen and revitalize the local and state economy.

The EDC provides a wide array of administrative and management services on behalf of the City involving economic development projects. Generally, EDC projects are funded by contracting with the City on an individual project basis to cover the costs of consultants and contractors employed by the EDC for each project.

The EDC has also provided assistance as construction manager for various other city projects such as the Holbrook Ave. reconstruction, rail siding construction into the former Nicholson facility, the construction and repair of city salt domes, rebuilding of infrastructure in Brush Park and the implementation of a Site Reclamation Grant from the Michigan State Department of Environment Quality. The EDC will continue providing this assistance for streetscape improvements in Brush Park, the Cultural Center, and the River Walk along the East Riverfront.

Utilizing repayments from Urban Development Action Grants (UDAG) assigned to the EDC, several economic development loans have been made. The Bing Group, the O.J. Building Materials Distribution Center, Midtown Development, New Center Stamping and

Perstorp Xytec are examples of companies receiving this assistance.

The City also utilizes the services of the EDC to convey City property for economic and community service development. Thyssen Steel, American Red Cross, Focus Hope, the Bing Group, Riverbend Plaza, Hospice of Michigan, Brush Park Senior Housing, Detroit Symphony Orchestra Hall, and Riverfront East Development are examples of this EDC service.

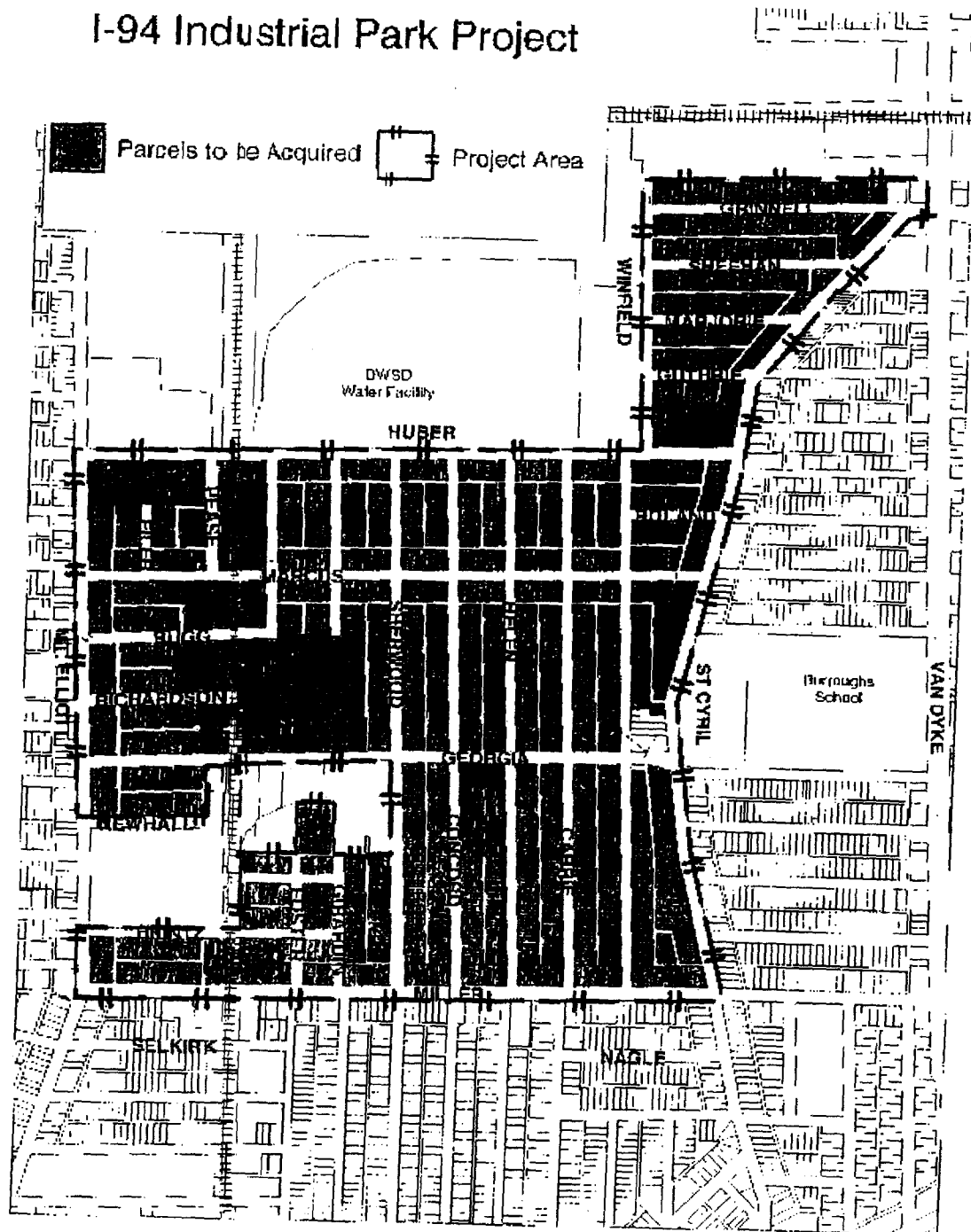
The EDC was utilized as the "point" agency for the Central Industrial Park Project (General Motors Detroit Hamtramck Assembly Facility), the Jefferson Conner Industrial Revitalization Project (Chrysler Jefferson North Assembly Facility), the Eastside Industrial Revitalization Project (Chrysler Engine Plant), the Atkinson Playfield Project (Thyssen Steel expansion), Riverfront East Redevelopment, and the Springwells (former Coke Site) redevelopment, by coordinating project activities through acquisition and site preparation. Currently, the EDC is providing similar assistance with the I-94 Industrial Park Project.

The EDC has also created a Neighborhood Development Corporation to allow it to play a role in residential development.

Additional Economic Development Capital expenditures are listed in the attached schedule.

ECONOMIC DEVELOPMENT CORPORATION

I-94 Industrial Park Project



SUBSIDIARY NEIGHBORHOOD DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) Act, Act 338 of the Public Acts of Michigan, 1974 as amended, provides for an EDC to create a subsidiary corporation to implement housing and neighborhood improvement programs within areas that qualify as blighted or as certain other defined areas.

The EDC's Board of Directors also serves as the Neighborhood Development Corporation's (NDC) Board of Directors.

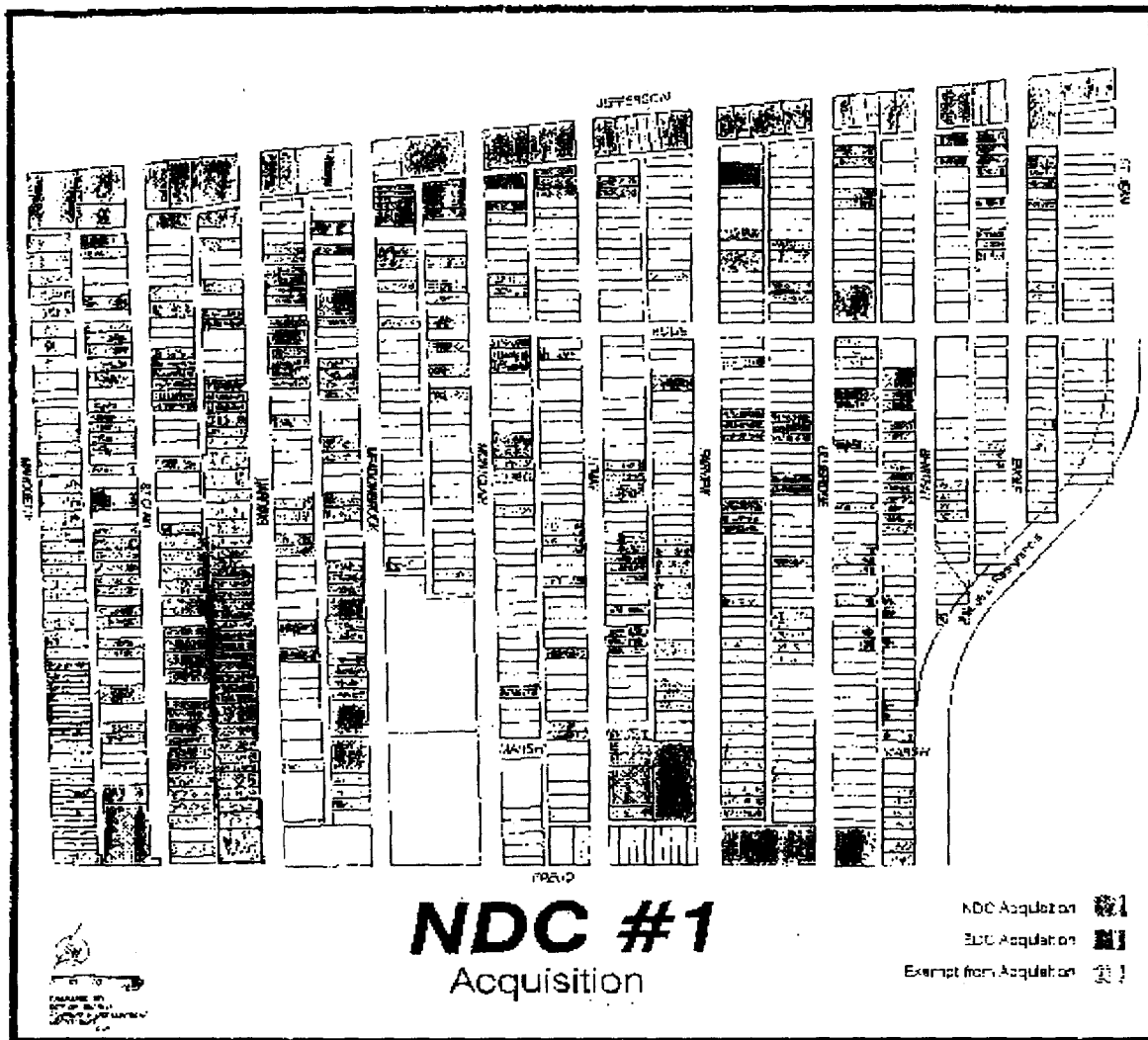
The NDC can acquire property, construct improvements, and make these available in programs for the rehabilitation or construction of housing for immediate sale at "fair market value". This is implemented pursuant to a project plan,

similar to an EDC project plan, approved by City Council.

The EDC (the commercial component) and the Neighborhood Development Corporation (the residential component) are jointly implementing the Jefferson Village project located South of E. Jefferson between St. Jean and Marquette, which will provide at completion approximately 20 acres of new commercial development and approximately 300 new home sites for market rate housing.

The Neighborhood Development Corporation will spend \$3.5 million in FY 2009-10 and FY 2010-11 towards the completion of the project.

EXHIBIT D
ACQUISITION AREA



TAX INCREMENT FINANCE AUTHORITY

This Authority was created on March 5, 1982 by resolution of the City Council pursuant to Act 450, Public Acts of Michigan, 1980. In accordance with the Act, the Authority's objective is preventing urban deterioration by encouraging economic development and neighborhood revitalization and historic preservation. The Authority may acquire and dispose of land, create and implement a tax increment plan, and issue bonds and other types of indebtedness to finance various projects.

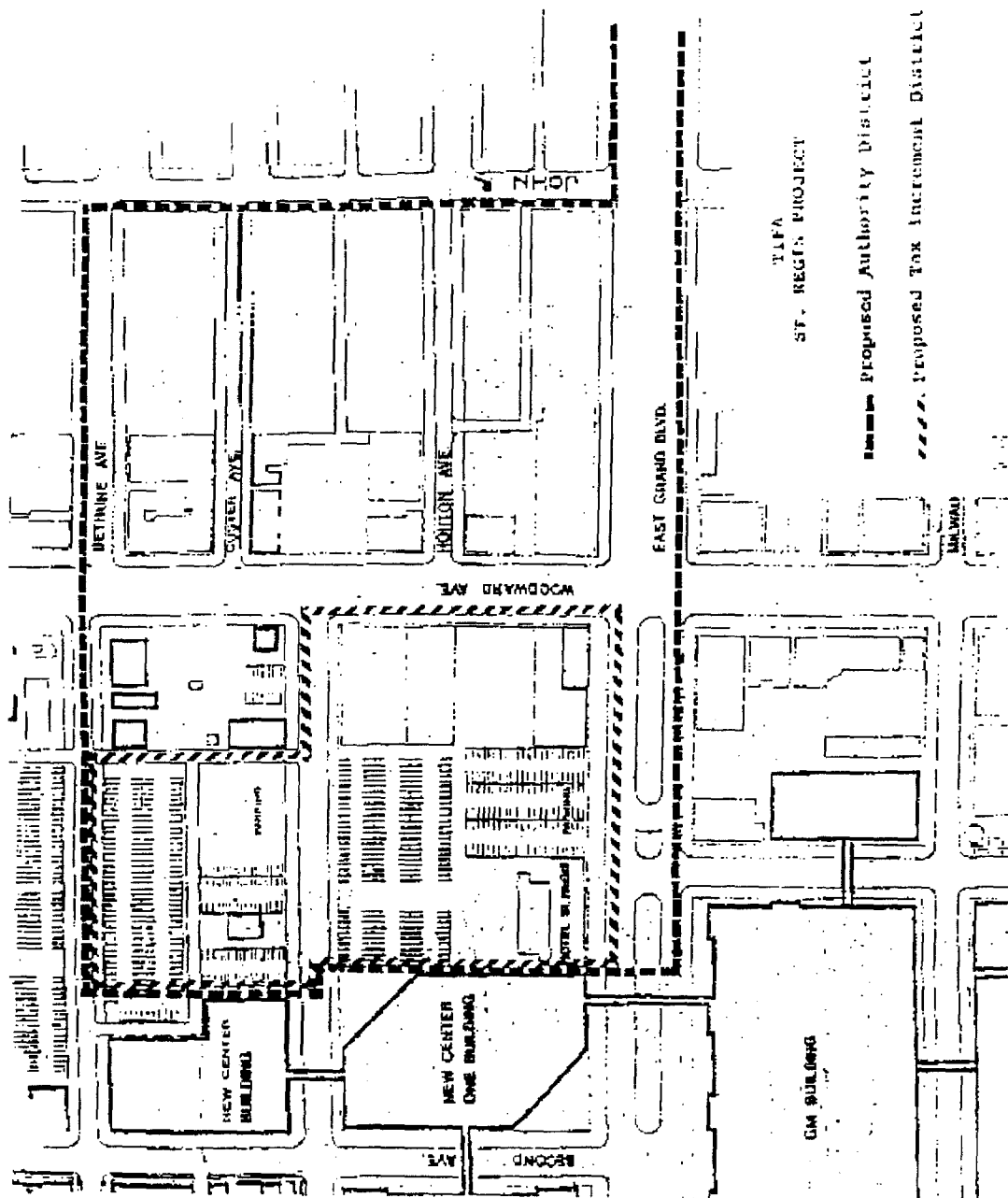
The Tax Increment Finance Authority (TIFA) has issued bonds to pay a portion of the cost associated with the City's Central Industrial Park Project. The financing which utilized the "tax increment" approach, was the first of its kind to be successfully completed in

Michigan. The bonds have been retired on schedule.

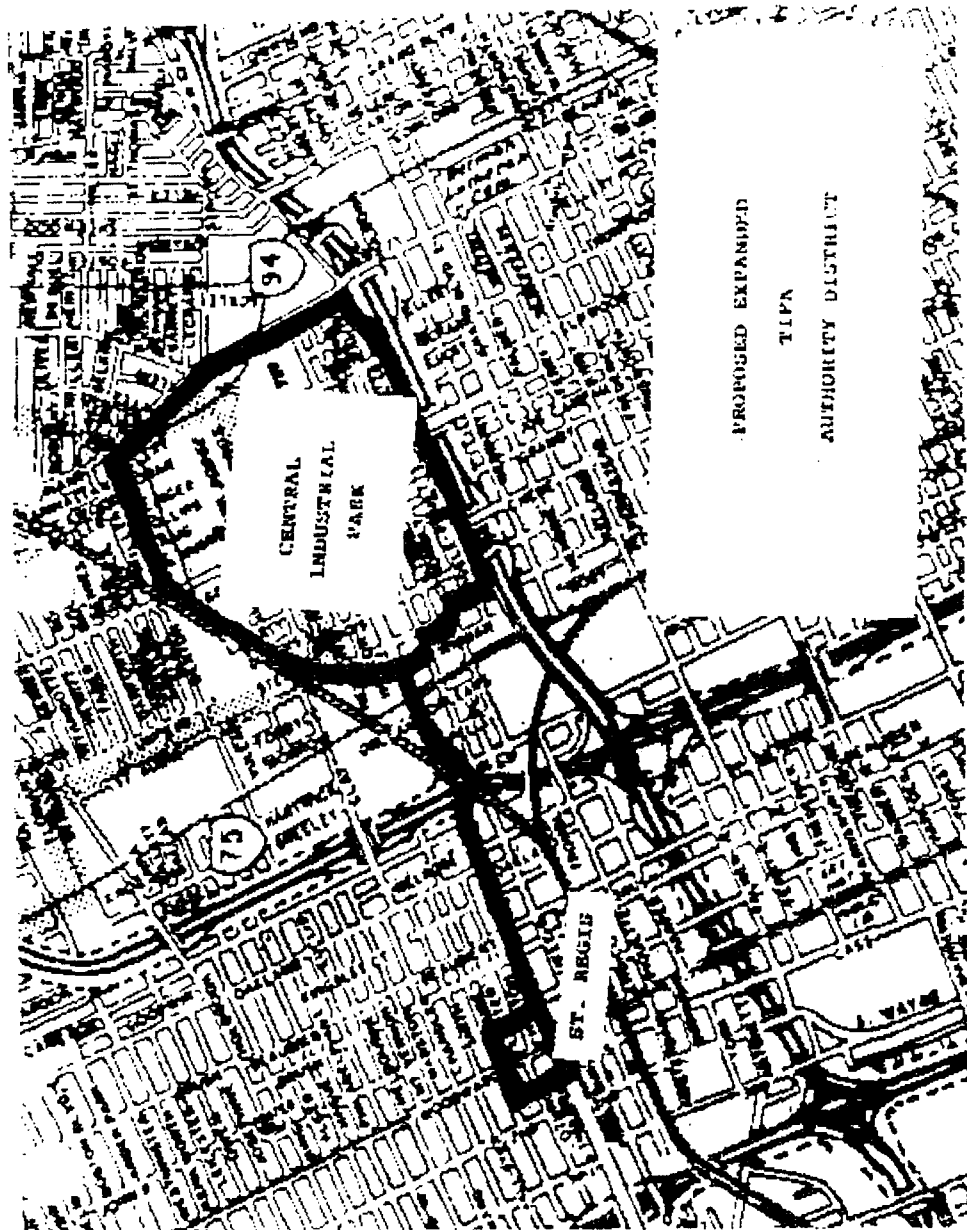
During 1986-87, the Authority created a second District, which included a portion of the New Center Area and provided assistance to the St. Regis Hotel expansion project. The obligation of the TIFA toward this project has been extinguished.

In 1986, the State Legislature severely limited the ability of the TIFA to undertake new projects and therefore due to this restriction no new projects are contemplated. The TIFA is housed and staffed by the Detroit Economic Growth Corporation.

TAX INCREMENT FINANCE AUTHORITY



TAX INCREMENT FINANCE AUTHORITY



PROPOSED EXPANDED

TIF

AUTHORITY DISTRICT

LOCAL DEVELOPMENT FINANCE AUTHORITY

State of Michigan Public Act 281 of 1986 provided for the creation of Local Development Finance Authority (LDFA) to prevent conditions of unemployment and promote economic growth; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; and to authorize and permit the use of tax increment financing.

At a public hearing on September 13, 1988, the City Council adopted a resolution establishing the Local Development Finance Authority and approved mayoral appointments to the LDFA Board. City Council also designated the boundaries of the Authority District, which includes the Jefferson/Conner Industrial Revitalization Project. The LDFA sold tax increment bonds to finance part of the cost of the City's Jefferson/Conner Project.

In June 2002, subsequent to a public hearing, the City Council adopted a resolution approving the addition of an Authority District and approved the Tax Increment Financing and Development plan for Tech Park Area #1 (Smart Zone Plan). According to the Smart Zone Plan, the LDFA would allocate 12 years worth of property tax capture, or \$12.5 million, whichever comes first, towards the development of the Wayne State

University Research and Technology Park.

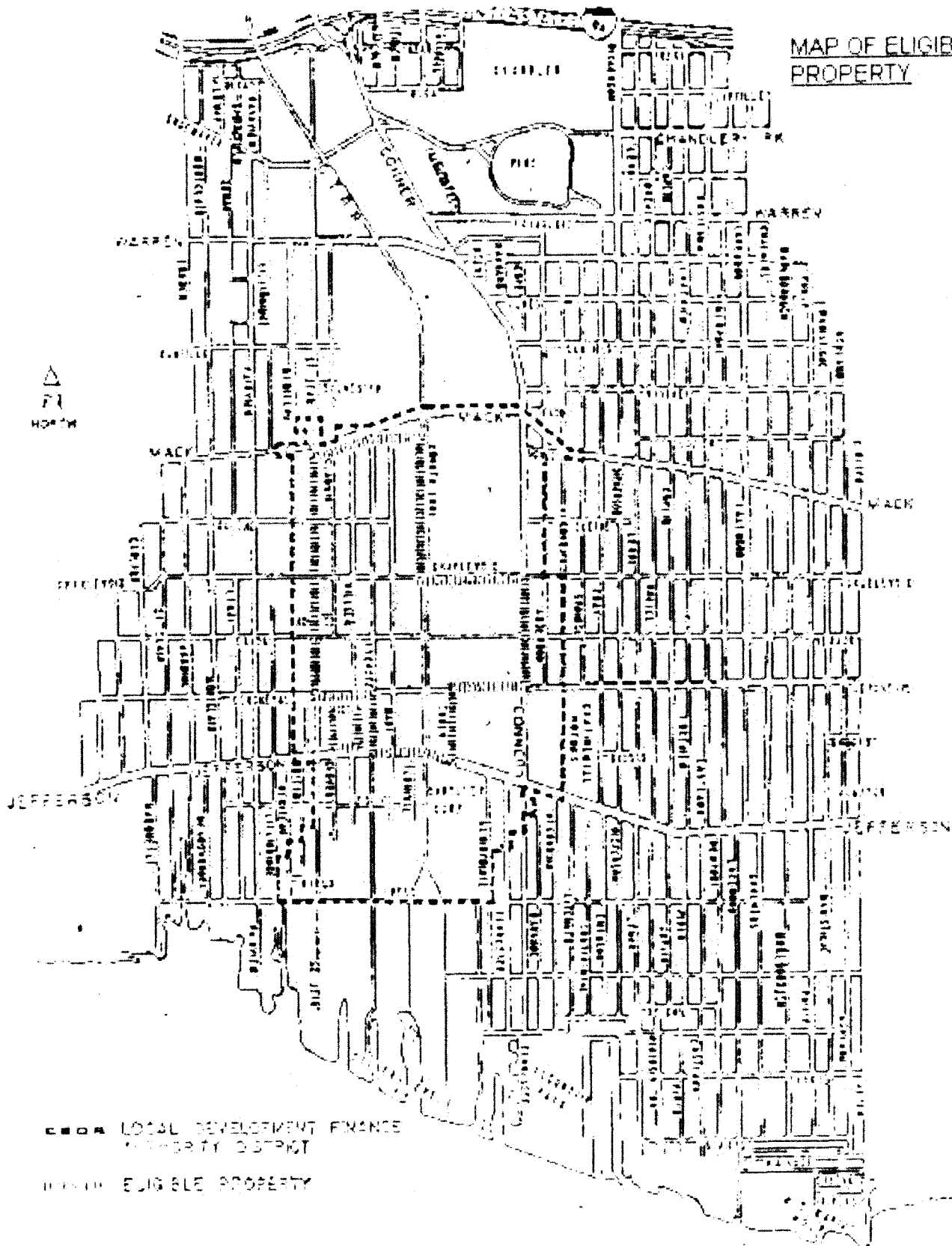
In September 2002, the LDFA, the City of Detroit, Wayne State University, and the Michigan Economic Development Corporation entered into the Woodward Technology Corridor Smart Zone Agreement, for the partial funding (through Tax Increment Financing and Core Communities grants) of the following projects:

- WSU Technology Park
- Detroit Tricentennial Park
- Lower Woodward Improvements
- University Cultural Center Improvements.

The LDFA is housed and staff services are provided by the Detroit Economic Growth Corporation. The LDFA continues to monitor the bond payments for the Jefferson/Conner Industrial Revitalization Project. At the present time there are no initiatives to expand the LDFA authority district for additional projects.

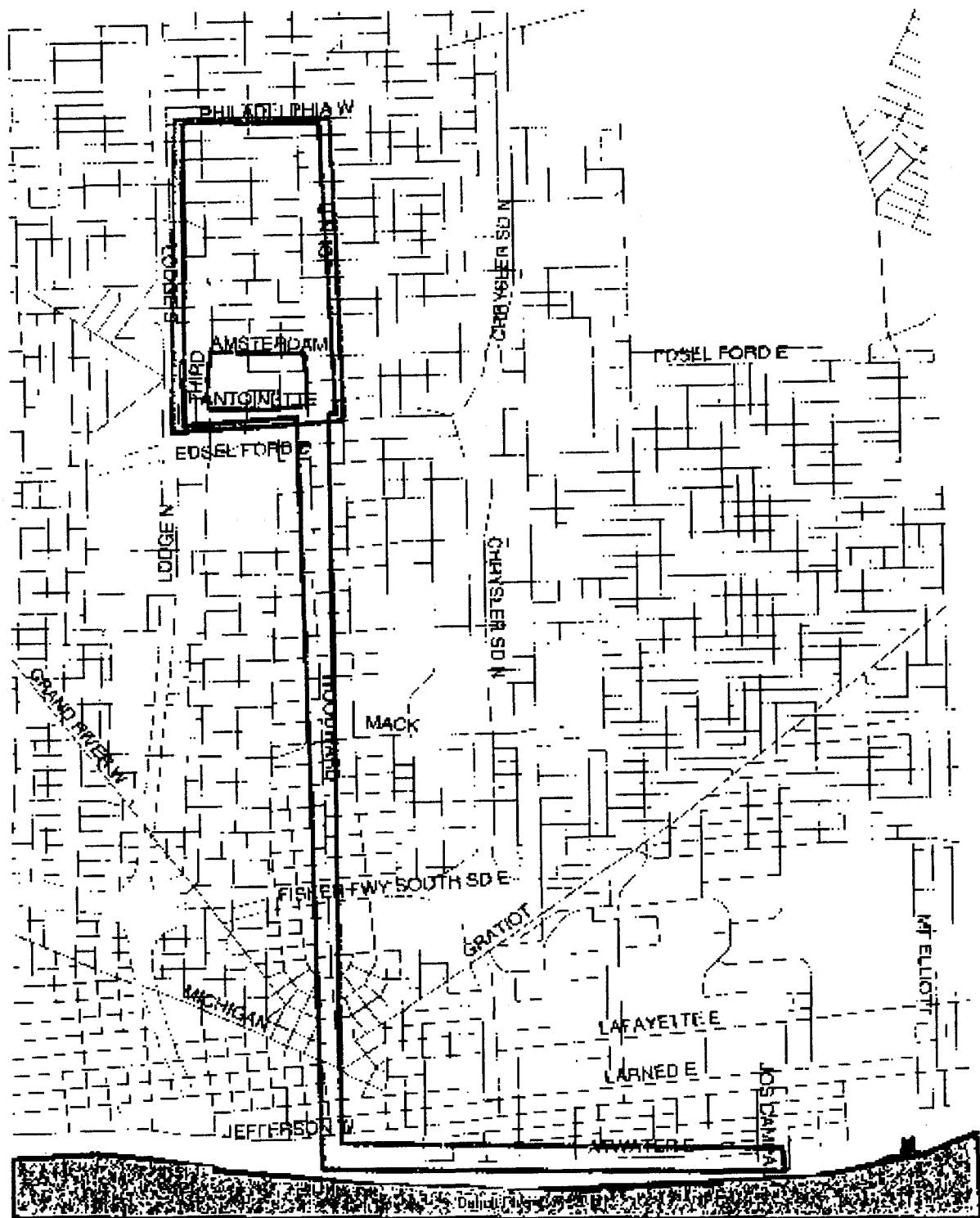
The Local Development Finance Authority will spend \$2.5 million in FY2009-10 and FY2010-11 towards the completion of the Detroit Tri centennial Park, and \$500,000 towards the completion of the University Cultural Center streetscape improvements in FY2009-10

MAP OF ELIGIBLE PROPERTY



JEFFERSON-CONNER INDUSTRIAL REVITALIZATION PROJECT

WOODWARD TECHNOLOGY CORRIDOR SMARTZONE



- Yellow - Woodward Technology Corridor SmartZone
- Green - Authority District/Certified Technology Park
- Orange - Tech Park Area #1
- Blue - WSU Technology and Research Park



DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

The City of Detroit Brownfield Redevelopment Authority (DBRA) was established in 1997 pursuant to state authorizing legislation (Act 381), the Brownfield Redevelopment Financing Act. The DBRA is a public authority whose mission is to foster the re-use and re-development of brownfield sites, and functionally obsolete or blighted properties. These actions are designed to promote reinvestment in the City, increase property valuation, improve the City's tax base and improve the quality of the life in the City by reducing exposure to environmentally impacted properties.

The DBRA is empowered to use two tools to promote redevelopment incentives in unique ways not available to other economic development corporations. These tools are: 1) the State of Michigan Business Tax Credits (MBT) and 2) Tax Increment Financing (TIF). The DBRA can designate individual or contiguous properties as an "eligible property" without designating a project area or district. The Authority therefore has the flexibility to stimulate redevelopment of brownfield sites within any neighborhood, commercial district, or industrial park.

The TIF portion of the incentive provides funds to assess and clean up the site. The tax credit portion of the incentive attracts development to the site. The legislation also allows the

Authority to capture taxes five years beyond that needed to cover the cost of environmental clean-up. These funds can be placed in a revolving loan fund that can be used to provide funds for the clean-up of other properties whether or not they have been designated an eligible property.

Recent changes to the MBT legislation authorize MBT credits of up to 20% of the capital investment for a project that is located in an urban development area. This increased MBT credit seeks to support mixed use projects, residential projects that increase density of the area, sustainable projects and projects addressing underserved markets of commerce located downtown or in traditional business districts or commercial corridors. Projects not located in an urban development area are eligible for 12.5% MBT credit on capital investments.

Since the inception of the Authority, 144 sites have been designated representing over \$5.7 billion dollars in private capital investment. This investment represents a TIF reimbursement amount of over \$564.4 million dollars, a SBT/MBT credit tax amount of over \$251.3 million and eventual contributions to the Revolving Loan Fund of over \$103.5 million dollars.

The following chart represents the plans approved to date:

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

Detroit Brownfield Plans

Project Title	Project Type	Investment	SBT Approved Amount *	TIF Approved Amount	TIF Revolving Loan	Jobs	Housing Units
Kern/Hudsons Crowleys	Commercial	\$400,000,000	\$30,000,000			3600	
Auto Body One	Retail	\$1,000,000	\$91,400	\$326,563	\$225,000	20	
AAM Headquarters	Industrial	\$45,000,000	\$4,453,800			500	
Kales	Residential	\$12,000,000	\$1,000,000				82
I-94	Industrial	\$200,000,000	\$1,500,000	\$7,884,346	\$4,931,068	1500	
ArvinMeritor	Industrial	\$10,000,000	\$1,000,000			300	
Paper-Plas	Industrial	\$6,000,000	\$600,000	\$1,052,000	\$645,000	40	
6331 E. Jefferson	Retail	\$4,377,600	\$500,000			20	
Riverbend III	Retail	\$10,000,000	\$1,000,000			200	
Lombardo Heritage Amended	Residential	\$20,000,000	\$2,565,628				126
GM Riverfront East	Mixed Use	\$80,000,000	\$6,300,000				
Merchants Row	Residential	\$30,000,000	\$3,288,832			50	163
Mexicantown	Retail	\$12,300,000	\$391,127	\$1,323,680	\$1,300,000	100	
Woodward Millennium	Residential	\$37,000,000	\$2,467,000	\$718,750	\$1,576,947	50	180
AAM St.Aubin/Clay	Industrial	\$28,700,000	\$1,000,000			15	
DFD Lofts	Residential	\$2,872,000	\$287,500				30
Iodent Building	Residential	\$4,000,000	\$297,638				16
Parkside Plaza	Retail	\$4,125,000	\$361,500			50	
440 W. Congress	Commercial	\$6,000,000	\$600,000				
Federal Reserve	Commercial	\$65,000,000		\$3,217,692	\$2,750,000	20	
41-47 Burroughs	Residential	\$6,500,000	\$492,535				40
6200 Second	Residential	\$9,000,000	\$558,714				62
7 Mile/Gratiot Retail	Retail	\$6,000,000	\$586,405	\$684,715	\$710,000	40	
Mack/Alter North Amended	Retail	\$1,500,000	\$150,000	\$401,175	\$163,000	20	
2nd Amended NDC Project 1	Retail	\$10,000,000	\$919,081	\$9,200,000		270	325
Hartz Building	Mixed Use	\$4,487,000	\$364,000			25	
Odd Fellows Hall	Commercial	\$2,840,000	\$246,271			10	
449 W. Willis	Residential	\$750,000	\$83,145				7
Fort Shelby Hotel	Hotel	\$52,000,000	\$6,887,763			300	77
Book Cadillac Hotel	Hotel	\$152,000,000	\$1,464,085			500	
Jefferson and Piper	Retail	\$1,500,000	\$173,824			10	
Sparetime	Retail	\$12,000,000	\$1,200,000	\$360,000	\$1,150,000	30	
English Village	Residential	\$2,845,000	\$1,000,000				90
5981 W. Warren	Industrial	\$14,760,000	\$1,000,000			30	
Research Lofts	Mixed Use	\$4,500,000	\$404,610				35
Mack/Alter South Amended	Retail	\$10,000,000	\$938,707	\$1,125,100	\$1,407,704	30	
20201-51 Sherwood	Industrial	\$2,000,000	\$290,000			18	
1250 Hubbard	Residential	\$4,150,000	\$200,000				30
Brenton & Dean	Residential	\$792,000	\$79,200				9
University Lofts	Residential	\$1,939,000	\$226,811				10
TechOne	High Tech	\$11,970,000	\$870,000			10	
Stough Development	Commercial	\$2,000,000	\$200,000	\$152,000	\$70,314	30	
Grand River Place	Retail	\$13,455,964	\$1,000,000	\$829,000	\$2,372,984		
Hudson's Warehouse	Commercial	\$38,000,000	\$2,600,000				

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

Detroit Brownfield Plans Continued

Project Title	Project Type	Investment	SBT Approved Amount *	TIF Approved Amount	TIF Revolving Loan	Jobs	Housing Units
Grinnell Properties	Industrial	\$5,000,000	\$500,000			225	
VITEC	Industrial	\$18,000,000	\$1,000,000			35	
Jefferson North Park Residential	Residential	\$15,000,000	\$1,000,000				123
St. Charles Place Lofts	Residential	\$2,100,000	\$200,000				12
Bellemere Apartments	Residential	\$9,550,000	\$650,000				88
1322 Broadway	Mixed Use	\$2,000,000	\$130,000			8	4
Brush Park North Condominiums	Residential	\$2,453,000	\$241,958				13
Gratiot McDougall Homes	Residential	\$8,100,000	\$319,000				46
Standard Federal Gratiot Conner	Commercial	\$2,000,000	\$200,000	\$241,500	\$69,958	8	
Family Dollar West Vernor	Retail	\$750,000	\$77,766	\$39,559	\$108,650		
Art Center Town and Carriage Homes	Residential	\$3,500,000	\$350,000				29
West Town Homes I	Residential	\$8,100,000	\$326,600				31
Nailah Condominiums East	Residential	\$2,161,000	\$215,219				10
Jefferson Chalmers	Residential	\$14,000,000	\$505,000	\$2,620,850	\$2,756,294		87
Warren Conner	Retail	\$7,386,000	\$738,600			150	
Brainard Street Apartments	Residential	\$10,000,000	\$1,000,000				120
Amended Argonaut Building	Mixed Use	\$140,000,000	\$10,000,000	\$11,200,000	\$8,503,577	200	
E&B Brewery	Mixed Use	\$4,675,000	\$467,588				40
1001 Woodward	Mixed Use	\$34,900,000	\$3,854,282	\$5,647,650	\$5,801,632	325	40
River Park Village	Mixed Use	\$29,000,000	\$2,989,500				200
Belle Harbour Estates	Residential	\$60,400,000	\$5,660,075				210
Whittier Regatta	Mixed Use	\$65,465,000	\$6,546,500				280
River Pointe Terrace	Residential	\$28,000,000	\$2,688,500				96
Silvercup	Residential	\$14,600,000	\$1,000,000	\$840,000	\$262,662		87
Russell Street	Retail	\$2,405,000	\$116,925			45	
Vinton Building	Residential	\$5,000,000	\$500,000				11
Amended Woodbridge	Mixed Use	\$82,750,000	\$6,592,582			42	425
Michigan Opera Theater	Retail	\$14,556,300	\$1,510,952				
1560 East Jefferson	Retail	\$1,600,000	\$160,000			60	
Eddystone	Mixed Use	\$7,500,000	\$641,603	\$948,500	\$1,152,730		60
Lafer Building	Mixed Use	\$3,725,000	\$287,000				16
Kennedy Square	Commercial	\$60,000,000	\$4,000,000			900	
Lithuanian Hall	Mixed Use	\$1,900,000	\$190,500				
Park Shelton	Residential	\$17,000,000	\$1,000,000				220
Canfield Lofts	Mixed Use	\$7,340,000	\$730,000	\$1,150,250	\$1,372,400	15	34
A&S Hospital Plaza	Retail	\$2,310,000	\$231,000	\$540,000	\$270,439	50	
NW Detroit Gateway	Retail	\$45,000,000	\$750,000	\$6,716,675	\$7,634,255	200	
Morgan Waterfront Estates	Residential	\$39,342,694	\$3,934,269	\$7,590,000	\$11,174,069		135

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

Detroit Brownfield Plans Continued

Project Title	Project Type	Investment	SBT Approved Amount *	TIF Approved Amount	TIF Revolving Loan	Jobs	Housing Units
55 Canfield	Mixed Use	\$4,500,000	\$430,000				30
Vernor Scotten	Mixed Use	\$2,000,000	\$178,892				12
571 Monroe	Retail	\$2,449,500	\$266,300			10	
Sherwood Foods	Retail	\$8,500,000	\$825,000			25	
Willys Overland Residential	Residential	\$10,000,000	\$1,000,000				65
Cadillac Residences	Residential	\$15,000,000	\$1,500,000				55
3408 Woodward	Retail	\$1,600,000	\$179,100	\$352,846	\$462,711	23	
Art Center North II	Residential	\$3,485,000	\$398,181				23
Cass Block	Residential	\$4,000,000	\$400,000				36
Central Brush Park	Mixed Use	\$78,000,000	\$7,832,000	\$16,532,571	\$13,846,216	50	364
Charlotte House	Residential	\$1,752,000	\$175,200				10
El Moore	Residential	\$7,632,750	\$763,275			8	26
Winston Place	Residential	\$2,772,700	\$277,270				118
1403 Woodward	Mixed Use	\$9,000,000	\$735,700				15
Broderick Tower	Mixed Use	\$40,200,000	\$3,283,630	\$2,746,351	\$170,048	95	127
Woodward Willis	Mixed Use	\$4,075,320	\$407,532				22
Grand Van Dyke	Retail	\$11,542,000	\$713,800	\$4,662,753	\$620,298	100	
Garfield Area	Mixed Use	\$43,630,300	\$4,000,000	\$6,738,000	\$6,161,459	38	162
Regina Lofts	Residential	\$3,000,000	\$296,780				8
Amendment to Chene West	Residential	\$60,000,000	\$5,817,846	\$14,448,853	\$2,344,819	3	111
Atwater Lofts	Mixed Use	\$118,500,000	\$9,708,960	\$3,155,679	\$3,086,733	75	112
Fowler Building	Residential	\$9,755,222	\$791,477				28
Griswold	Residential	\$43,000,000	\$3,652,179				60
1200 6th Street	Commercial	\$100,000,000		\$19,384,133	\$6,001,243	500	
Auburn Commercial	Retail	\$1,000,000	\$100,000			35	
Oakman Woodrow Wilson	Mixed Use	\$41,000,000		\$8,140,067	\$4,715,506		100
Book Building Book Tower	Mixed Use	\$39,600,000	\$3,500,000	\$4,681,000	\$2,077,041	100	175
Amended East Village	Residential	\$3,000,000	\$200,000	\$198,582	\$277,092		14
Fox Creek I	Residential	\$107,500,000	\$3,800,000	\$64,913,888			700
South University Village	Mixed Use	\$39,200,000	\$1,954,908	\$14,824,509		65	130
Bellview	Mixed Use	\$510,584,530	\$10,000,000	\$322,569,707		1000	900
Newberry Lofts	Residential	\$5,843,000	\$493,105				24
Nailah Commons	Residential	\$5,856,580	\$576,800				35
Peterboro	Residential	\$2,290,808	\$160,281				10
Detroit Life Building	Commercial	\$7,500,000	\$600,000			250	
Manhattan Apartments	Residential	\$4,595,000	\$442,635				42
Charlotte Apartments	Residential	\$9,149,975	\$859,740				63
Cass Plaza	Residential	\$5,582,000	\$506,340				47
Grand River and Six Mile	Retail	\$5,000,000	\$350,000	\$1,505,326	\$485,882	60	
Tiger Stadium	Mixed Use	\$20,000,000	\$2,000,000	\$8,761,631	\$3,058,159	70	95
Elevator Building	Residential	\$5,300,000	\$440,266				27
Gardenview	Residential	\$36,000,000	\$3,504,219				186
Marathon	Industrial	\$1,900,000,000	\$10,000,000			135	

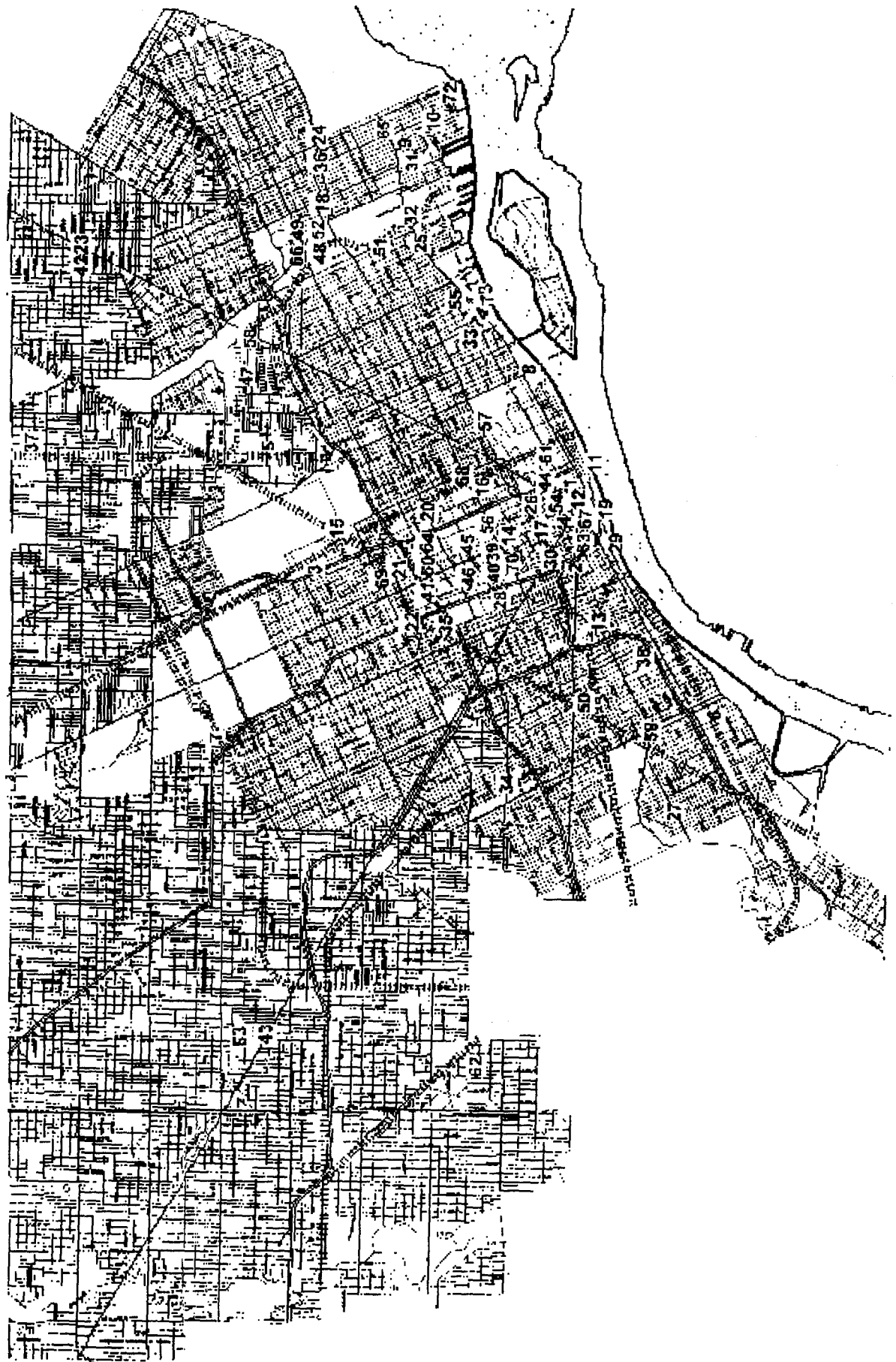
DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

Detroit Brownfield Plans Continued

Project Title	Project Type	Investment	SBT Approved Amount *	TIF Approved Amount	TIF Revolving Loan	Jobs	Housing Units
Tireman and Epworth	Retail	\$3,000,000	\$127,040	\$753,300	\$304,969	22	
Beethoven Building	Residential	\$1,800,000	\$147,000			1	30
35th Street Apartments	Mixed Use	\$8,439,673	\$753,509			35	18
Metro Plaza	Retail	\$6,000,000	\$350,000	\$1,620,000	\$424,720	110	
North Garden Block	Mixed Use	\$28,754,258	\$2,233,500			202	
Globe Building	Mixed Use	\$17,150,000	\$1,588,000			60	64
70 West Alexandrine	Mixed Use	\$20,705,731	\$2,070,573			34	80
Former Federal Reserve	Mixed Use	\$13,830,583	\$1,383,058			11	84
Piquette Square	Mixed Use	\$20,000,000	\$1,779,812			20	150
4830 Cass Avenue	Mixed Use	\$13,000,000	\$1,000,000	\$484,218	\$448,443	33	64
Amended Trumbull Townhomes	Residential	\$2,934,900	\$222,791				20
Pine Street Townhomes	Residential	\$4,060,270	\$482,409				18
Northeast Guidance Center	Commercial	\$6,300,000	\$688,250			47	
Exceptional Green Living on Rosa Parks	Residential	\$3,300,000	\$360,000				17
DCI Conner Creek	Mixed Use	\$33,500,000	\$5,504,000			50	90
St. Joseph Senior Village	Residential	\$9,956,000	\$828,580				49
Brush Estates	Residential	\$17,713,000	\$1,250,000				75
Carpenter Road	Commercial	\$8,900,000	\$852,508	\$1,289,083	\$931,053	80	
1015 Spruce Street	Mixed Use	\$37,000,000	\$5,615,000	\$1,795,150	\$1,650,244	40	93

Total:	Investment	SBT/MBT Amount	Reimburse Amount (TIF)	Revolving Fund (TIF)	Jobs	Units
	\$5,710,673,658	\$251,302,441	\$564,367,652	\$103,475,319	13,438	8,483

BROWNFIELD PLAN SITES



DEGC 2008 Accomplishments

Major Projects

- **Westin Book Cadillac Opens** - The 457-room Westin Book Cadillac Hotel opened in October of 2008 after a \$190 million renovation and restoration that required 22 layers of financing. The financing package included bank loans, equity, funds from a variety of tax credits and grants primarily for cleanup work. The City of Detroit also was able to amend its Empowerment Zone to give the development additional tax breaks. DEGC managed the redevelopment project on behalf of the Downtown Development
- **Michigan Avenue Garage** - A 500-car structure that supports parking needs for the Book Cadillac Hotel and the surrounding Capitol Park Area. The DDA financed and constructed the project.
- **Doubletree Guest Suites Fort Shelby** - A business conference hotel with 200 suites and state of the art meeting amenities. DEGC administered approvals for \$6.9 million in brownfield tax credits.
- **Rosa Parks Transit Center**. The EDC is managing construction for the Detroit Department of Transportation (DDOT) of this \$22.5 million project funded by the Federal Transportation Authority. The project will provide an attractive transfer hub for riders of DDOT, SMART, Detroit-Windsor buses and the Detroit People Mover.
- **Paradise Valley Cultural and Entertainment District at Harmonie Park**. The DDA has collaborated with the City of Detroit, University of Detroit-Mercy, area businesses and property owners on an estimated \$17 million redevelopment of the area around Harmonie Park. The vision is to use African-American cultural influences to honor the legacy of Paradise Valley, with an appeal that crosses cultures in its composition of commercial, retail, entertainment, educational and cultural offerings. The DDA purchased several key properties around the park, managed streetscape and park improvements, and is soliciting tenants and other developers for the properties.
- **Detroit RiverWalk**. The EDC managed \$2.5 million of construction of portions of Phase I of the RiverWalk and infrastructure nearby that is now maintained by the Detroit Riverfront Conservancy. The EDC construction included road improvements, sidewalks and pathways and a parking lot at Rivard and Atwater.
- **Dequindre Cut Greenway**. The EDC managed construction of the \$3 million Phase I of the project -- the bike and walking path from Woodbridge to Gratiot, funded by the State of Michigan, Community Foundation of Southeastern Michigan and the EDC. The Greenway will eventually link the RiverWalk to Eastern Market and is maintained by the Detroit Riverfront Conservancy.
- **Midtown Woodward Streetscapes**. The EDC managed two of three sections of streetscape improvements on Woodward -- I-75 to Mack and Warren to Ferry, a \$2.5 million project.
- **Blight Reduction**. The DDA has approved \$4.9 million in assistance to owners of nine blighted buildings downtown to demolish the structures, saving one vintage building façade for future development.
- **Lower Woodward Cross Street Improvements**. The DDA is improving roadways, lighting and streetscapes on cross streets connecting downtown thoroughfares. The DDA is managing design and construction of the estimated \$2.5 million project. The DDA, State of Michigan and Detroit Renaissance are funding the construction.

Companies Moving In or Expanding

In 2008, DEGC staff made more than 500 contacts with businesses at trade shows, conferences, through referrals and other means. Over the course of those two years the business retention team called on nearly 500 Detroit businesses to assess their needs and offer assistance.

From deals made in 2008 companies have projected investments over time of \$2.87 billion in Detroit and the retention or growth of 6,700 jobs.

- **Marketing Associates** -- The full-service marketing company specializing in interactive media opened its Detroit office with 140 employees in One Kennedy Square. DEGC facilitated an incentive package and parking.
- **Health Plan of Michigan** -- The health insurers established its headquarters at One Kennedy Square with 110 employees. DEGC facilitated Renaissance Zone and other incentives.

DEGC 2008 Accomplishments

- **Ryan & Co.** -- The nationally known tax preparers brought 80 people into a new office in One Kennedy Square. DEGC facilitated an incentive package that included Renaissance Zone benefits.
- **AT&T Call Center** – This new customer service center will hire 300 people. DEGC facilitated a property tax abatement and a workforce development program to provide qualified candidates for the new positions.
- **Quicken Loans** – This national mortgage company is planning to move its headquarters downtown. DEGC is facilitating final site selection and an incentive package.
- **General Motors.** DEGC facilitated tax abatements for a planned \$340 million expansion of GM's Detroit/Hamtramck Assembly plant, supporting the retention of 700 jobs.
- **Caraco Pharmaceutical.** DEGC facilitated tax abatements for a \$14.5 million expansion of its Detroit factory and offices.
- **Marathon Petroleum Company LLC.** DEGC facilitated brownfield incentives, property tax abatements, regulatory permits, and new workforce assistance for a \$1.9 billion modernization of its refinery in Southwest Detroit. The investment supports 320 current employees and up to 60 new jobs.
- **Chrysler LLC.** DEGC facilitated tax abatements for a \$373 million expansion of its plant on the east side, supporting the retention of 400 jobs.
- **Arvin Meritor.** DEGC facilitated tax abatements for a \$15.9 million expansion of its plant in Southwest Detroit, projected to retain 200 jobs and up to 119 new positions.
- **Russell Street Investments.** DEGC facilitated tax abatements for the \$1.8 million renovation of a vintage building as a boutique hotel and restaurant.
- **W Industries.** DEGC facilitated property tax abatements and a workforce development program for an \$18.6 million expansion of a manufacturing and headquarters facility on the north side.
- **D&H Medical Plaza LLC.** DEGC facilitated brownfield tax incentives for a \$18.4 million expansion of health-care facilities on the north side.
- **Hope Global.** DEGC helped find a southwest Detroit location for the automotive supplier when it outgrew its old facility, bringing 50 new jobs to the city.

Brownfield Power

In calendar 2008 DEGC facilitated \$135 million in brownfield incentives to spur a potential \$2.6 billion in new investment in Detroit. The 38 approved projects include 1,964 potential new housing units and 1,700 jobs.

Projects that earned brownfield packages include these developments, each representing \$5 million or more in potential investment:

Residential

Amended Chene West - \$60 million, East Riverfront

Gardenview - \$36 million, northwest side

Brush Estates - \$17.7 million, north side

St. Joseph Senior Village - \$10 million, north side

Charlotte Apartments - \$9.1 million, Midtown

Newberry Lofts - \$5.8 million, Midtown

Nailah Commons - \$5.8 million, New Center

Cass Plaza - \$5.6 million, Midtown

Detroit Elevator Building - \$5.3 million, East Riverfront

Totals (including projects not listed): 16 projects representing a potential investment of \$178 million.

Mixed Use

Amended Woodbridge -- \$82.7 million residential and retail development, greater Downtown

1015 Spruce Street - \$37 million luxury residential and retail complex, greater Downtown

Detroit Community Initiative Conner Creek - \$33.5 million health and community services plus residential development, east side

DEGC 2008 Accomplishments

North Garden Block - \$28.8 million mixed residential and retail development, Midtown
70 West Alexandrine - \$20.7 million residential and commercial development, Midtown
Piquette Square - \$20 million residential and service center for veterans, New Center
Globe Building - \$17.2 million residential, commercial, and retail development, East Riverfront
Former Federal Reserve - \$13.8 million residential and retail development, Downtown
4830 Cass Avenue - \$13 million residential and retail development, Midtown
35th Street Apartments - \$8.4 million residential and office complex, Southwest Detroit
Gray Street Affordable Housing - \$6.5 million residential, retail and social services center, east side
Totals (including projects not listed): 14 projects representing a potential investment of \$442 million.

Retail

Metro Plaza - \$6 million, near west side
Grand River and Six Mile - \$5 million, northwest side
Totals (including project not listed): 3 projects representing a potential investment of \$14 million.

Industrial

Marathon Oil - \$1.9 billion refinery expansion, Southwest Detroit

Commercial and Office

Carpenter Road - \$18.4 million medical office complex, north side
Community Health and Social Services - \$15 million medical facility, Southwest Detroit
Detroit Life Building - \$7.5 million office building renovation, Downtown
Northeast Guidance Center - \$6.3 million social services center, east side
Totals: 4 projects representing a potential investment of \$47 million.

EDC
CASINO DEVELOPMENT FUNDS
03/31/09

	Total Budget	Budget	Received	Balance
Receipts				
City of Detroit	42,500,000.00	21,370,542.00	21,370,542.00	0.00
Interest Income	700,000.00	700,000.00	673,677.23	(26,322.77)
Proj Funds and Loan Repayments	350,000.00	350,000.00	389,164.28	39,164.28
	43,550,000.00	22,420,542.00	22,433,383.51	12,841.51
	Total Budget	Budget	Disbursed	Balance
Expenses				
Tech Town	4,000,000.00	1,751,764.00	1,751,764.00	0.00
JEPAB	2,000,000.00	625,882.00	625,882.00	0.00
ONCR Small Bus Loan Fund	1,500,000.00	1,410,000.00	705,000.00	705,000.00
ONCR	7,000,000.00	1,949,822.00	1,155,081.16	794,740.84
DCLF	4,500,000.00	1,408,236.00	1,408,246.00	(10.00)
Black Chamber	500,000.00	156,400.00	78,200.00	78,200.00
AABD	10,000,000.00	10,000,000.00	10,000,000.00	0.00
National Retail	5,000,000.00	1,095,372.00	847,291.07	248,080.93
Non-Affiliated/Resident Retail	2,000,000.00	1,095,372.00	963,916.43	131,455.57
Resident Real Estate	6,000,000.00	1,877,694.00	116,749.28	1,760,944.72
Administration	1,050,000.00	1,050,000.00	1,050,000.00	0.00
	43,550,000.00	22,420,542.00	18,702,129.95	3,718,412.05
	0.00	0.00	3,731,253.56	3,731,253.56

Attachment IX